GGERI: Criteria and Guidelines for Screening, Evaluating and Approving Proposed JI/CDM Projects

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Criteria and Guidelines for Screening, Evaluating and Approving Proposed JI/CDM Projects

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Abbreviations

AIJ	Activities Implemented Jointly
CJII	Canadian Joint Implementation Initiative
CER	certified emissions reduction
CDM	Clean Development Mechanism
CCCC	Climate Change Coordination Center
CCI	Climate Change Initiative
CHP	combined power and heat generation
COP/MOP	Conference of Parties/Meetings of Parties
COP-3	Third Session of the Conference of Parties
EMR	emissions reduction monitoring report
ER	emissions reduction
ERU	emissions reduction unit
ERU-PT	Emissions Reduction Unit Procurement Tender
EIA	Environmental Impact Assessment
GEF	Global Environment Facility
GHG	greenhouse gas
GGERI	Greenhouse Gas Emission Reduction Initiative
IACCC	Interagency Commission on Climate Change
IGP	International Greenhouse Partnership (Australia)
IPCC	Intergovernmental Panel on Climate Change
ICCPF	International Climate Change Project Fund
IUEP	International Utility Efficiency Partnerships, Inc.
JI	Joint Implementation
KP	Kyoto Protocol
MET	Ministry of Economy and Trade
MOU	memorandum of understanding
ME	Ministry of Economy
MF	Ministry of Finance
MFA(CI)	Ministry of Foreign Affairs, Committee on Investments
MVP	Monitoring and Verification Protocol
MRVP	Monitoring, Reporting, Verification Protocol
OCIC	Office on Joint Implementation (Costa Rica)
ODA	official development assistance
OECD	Organization for Economic Cooperation and Development
O&M	operation and maintenance
PPP-JI	Program on Pilot Projects for Joint Implementation
PCF	Prototype Carbon Fund
QELRC	Quantified Emission Limitation and Reduction Commitment
SBI	Subsidiary Body for Implementation
SBSTA	Subsidiary Body for Scientific and Technological Advice
SWAPP	Swiss AIJ Pilot Program
UPDD	Uniform Project Design Document

URF	Uniform Reporting Format
UNFCCC	United Nations Framework Convention on Climate Change
USAID	US Agency for International Development
USIJI	US Initiative on Joint Implementation
VOC	volatile organic compound

Executive Summary

The Republic of Kazakhstan signed the United Nations Framework Convention on Climate Change (UNFCCC) in June 1992 and ratified it in May 1995. In accordance with the principals and agreements of the UNFCCC, Kazakhstan has undertaken a number of activities to meet its obligations under the UNFCCC. These have included the preparation of a national inventory of greenhouse gas (GHG) sources and sinks, the preparation of two national communications and number of other related efforts toward the building of the organizational, institutional and technical capacity of the country to carry out its UNFCCC obligations. To this end, Kazakhstan has been assisted by a number of bilateral and multilateral agencies including the United States Agency for International Development (USAID).

With the assistance of USAID, Kazakhstan has initiated the Greenhouse Gas Emission Reduction Initiative (GGERI) Project. One of the objectives of the GGERI Project is to assist the Government of Kazakhstan's Climate Change Coordination Center (CCCC) in the development and establishment of appropriate and acceptable rules and procedures for the screening, evaluation and approval of proposed Joint Implementation (JI) and/or Clean Development Mechanism (CDM) projects in Kazakhstan. This report presents the results of an effort undertaken under the GGERI Project to develop clear and useful procedures for identifying, screening, evaluating and approving potential JI/CDM projects in Kazakhstan. The effort was carried out by a team of international and national experts in close collaboration with the staff of the CCCC and with key Government of Kazakhstan agencies.

To begin the process, a detailed review of the requirements of the UNFCCC and the Kyoto Protocol were carried out. The results of this review as it relates to the necessary criteria for screening, evaluating and approving JI/CDM projects is presented in Section 2. Next, an exhaustive international survey of existing and emerging procedures for JI/CDM project screening, evaluation and approval was carried out and the summary results of this survey are presented in Section 3. In addition, a close evaluation of the on going discussions relating to the criteria for approval of JI and CDM projects by the Subsidiary Bodies of the Conference of Parties to the UNFCCC was undertaken. This evaluation and the survey results provided a basis on which to formulate procedures for Kazakhstan that would be consistent and comparable with those that were acceptable at the international level.

The principal objectives of the screening, evaluation and approval criteria developed are to:

- Determine if project proposals contain all the required information that is necessary to fairly and accurately assess the suitability of the proposed project for JI/CDM eligibility; and
- Assess the proposed projects that do satisfy the information requirements to determine their suitability for approval as JI/CDM projects.

The rationale and details of the screening criteria are presented in Section 4. This Section also outlines the key responsibilities of the CCCC and the Kazakhstan Inter-Agency Committee on

Climate Change (IACCC) in implementing the proposed screening, evaluation and approval criteria. The proposed activities of the IACCC and the CCCC include:

- Validating eligible JI/CDM project activities that (a) meet national priorities; (b) contribute to sustainable development; and (c) result in real, measurable and long-term benefits related to mitigation of climate change;
- Validating the baselines associated with JI/CDM project activities on the basis of criteria that are established by international rules and national development priorities;
- Facilitating investments in approved national JI/CDM project activities;
- Establishing the rules and guidelines for monitoring of JI/CDM project activities to ensure the availability of the data needed for independent verification of the resulting ERs; and
- Tracking and registering the production and transfer of ERUs/CERs from approved JI/CDM project activities.

The details and explanation of the screening, evaluation and approval criteria are presented in Section 5. Of specific importance is the presentation of a Uniform Project Design Document (UPDD) form, which is required to be competed by all proposed projects that apply for approval as JI or CDM projects. The UPDD form is structured to be consistent with other existing JI/CDM Project Design Document forms that are currently in use by the international and bilateral agencies that are active in supporting proposed JI/CDM projects. The UPDD also is designed to facilitate the overall evaluation and approval process for JI/CDM projects. A full description of the UPDD is presented in Annex 2.

Section 6 describes the key factors that are important in the application of the proposed screening, evaluation and approval criteria. These key factors include:

- The institutional framework within which the screening, evaluation and approval process is carried out;
- The capacity and skills required to effectively undertake the screening, evaluation and approval process;
- The manner in which the entire screening, evaluation and approval process can be streamlined;
- The need to maintain the credibility and transparency of the screening, evaluation and approval process;
- The process for monitoring and tracking the progress of projects that are undergoing the screening, evaluation and approval process.

1. Background for Kazakhstan JI/CDM Initiative

The Kyoto Protocol (KP), adopted at the Third Session of the Conference of Parties (COP-3) to the United Nations Framework Convention on Climate Change (UNFCCC), provides for the possibility of creating transferable greenhouse gas (GHG) emission reductions through investment in mitigation projects operated under Article 6 (joint implementation—JI) or Article 12 (clean development mechanism—CDM). Both JI and CDM refer specifically to investments in mitigation projects in the "host country" which can be transferred to the "investor country." The principle objective of these "flexibility mechanisms" is to assist the host country in achieving sustainable development and meeting the ultimate objectives of the Convention while assisting the investor country in achieving its compliance with its quantified emission limitation and reduction commitments (QUELRCs) under Article 3 of the Kyoto Protocol.[1]

The rules for implementing JI and CDM have been under intense discussions and are presently being drafted by a working group under the authority of the UNFCCC's Subsidiary Body for Scientific and Technological Advice (SBSTA) and Subsidiary Body for Implementation (SBI). Since COP-3, a number of pilot programs have also been under operation to develop and test the rules and operating procedures for JI and CDM. The requirements of Article 6 and Article 12 of the Kyoto Protocol, the experience of the numerous bilateral and multilateral pilot programs and the emerging rules being drafted by the SBSTA/SBI provide reasonable guidance for establishing initial criteria for identifying, screening and evaluating potential JI or CDM projects.

Kazakhstan is in the unique position of currently being a non-Annex I signatory of the UNFCCC but with a declared intention to accede to Annex I.[2] Assuming Kazakhstan's eventual accession to Annex I, Kazakhstan will be eligible to participate in Article 6/JI of the Kyoto Protocol. At present, Kazakhstan remains eligible to participate in Article 12/CDM. Kazakhstan has clearly indicated that it wants to be actively involved in the process of the flexibility mechanisms. Specifically, the Greenhouse Gas Emission Reduction Initiative (GGERI) Project has been established in Kazakhstan, with support from the United States Agency for International Development (USAID), to assist Kazakhstan in actively participating in meeting the objectives of the UNFCCC and in preparing to participate in the flexibility mechanisms of the Kyoto Protocol.

This report presents the results of an effort undertaken under the GGERI Project to develop for Kazakhstan clear procedures for identifying, screening and evaluating potential JI/CDM projects. The principal output of this effort is a clear set of procedures to create a fair, transparent and manageable system for the screening, evaluation and approval of proposed JI/CDM projects.

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[1] Article 6 of the Kyoto Protocol makes no specific reference to the requirement of JI projects assisting the host country achieve sustainable development. However, the emerging rules for JI indicate that some criteria that pertain to achieving sustainable development, similar to those for CDM projects, will be applied to JI projects as well.

[2] In March 2000 Kazakhstan notified the Secretariat of the UNFCCC of its voluntary commitment in accordance with Article 4.2(g) of the UNFCCC to be bound by Articles 4.2(a) and 4.2(b). According to Article 1 paragraph 7 of the Kyoto Protocol, after entry into force of the Kyoto Protocol and its ratification, Kazakhstan will become an Annex I country.

Specifically, standardized forms for receiving, screening, evaluating and approving proposed JI/CDM projects are presented. A step-by-step procedure for applying the specific criteria for screening, evaluating and approving of proposed JI/CDM projects is outlined including the responsibilities of Kazakhstan's Climate Change Coordination Center (CCCC), Interagency Climate Change Coordinating Committee (IACC) and all relevant national and local government agencies. The objective of this report is to present the internal JI/CDM project screening, evaluation and approval procedures. Section 2 of the report outlines the basic requirements of JI/CDM projects as defined by the Kyoto Protocol and the emerging SBSTA/SBI rules for the Article 6 and 12. Section 3 presents a review of the existing JI/CDM screening, evaluation and approval criteria of a number of host and investor countries currently active in JI or CDM pilot programs. The specific objective of this section is to present lessons learned and to provide a basis for the development of the criteria for Kazakhstan that is consistent with the emerging international criteria. Section 4 outlines the principal objectives of the resulting screening, evaluation and approval criteria for JI/CDM projects in Kazakhstan. Section 5 presents the details of the proposed screening, evaluation and approval criteria and Section 6 demonstrates the application of this criteria.

2. Requirements of the Kyoto Protocol for JI/CDM Projects

The Kyoto Protocol identifies the principal requirements for JI projects in Article 6 and for JI/CDM projects in Article 12. These principal requirements for JI/CDM projects can be summarized into four major points.

- The host country must benefit from project activities resulting in transferable emission reduction units (ERUs) for JI or certified emission reductions (CERs) for JI/CDM;
- Projects must assist host countries in achieving sustainable development and contributing to the ultimate objective of the Convention;
- Projects must result in "real, measurable and long-term benefits related to the mitigation of climate change;" and
- Projects must result in "reductions in emissions that are additional to any that would occur in the absence of the certified project activity."

A brief discussion of these major criteria for JI/CDM projects is presented below. They provide the basis for establishing the screening and evaluation criteria that must be developed to assist the Kazakhstan CCCC and IACCC in screening and evaluating proposed JI/CDM projects that are submitted for approval and validation.

2.1 National benefits from project activities

The first two criteria are clearly established to assist host countries in achieving economic, social, environmental and "sustainable" development objectives while reducing GHG emissions. It clearly prohibits projects that do not have any direct benefits or may have negative benefits for the host country but still result in GHG emission reductions. This criterion is particularly important for projects that may produce GHG emission reductions or sinks but which may not have any additional benefits for the host country. An example may be a project to reduce methane emissions from rice agriculture that does not reduce the cost of rice production or increase rice yields.

The determination of whether projects help host countries achieve sustainable development must lie with the host country but can be governed by a broad set of guidelines established by the JI/CDM Executive Board. There is no operational or objective way to determine if a project contributes to a country's sustainable development. Attempts are underway to find indicators for development, but general acceptance of any resulting indicators will have political ramifications and will need to be validated through a political process. Therefore, host countries must decide for themselves if a JI/CDM project is likely to contribute to their sustainable development.

2.2 Measurability and long-term benefits related to climate change

The criteria of "real, measurable and long-term benefits related to the mitigation of climate change" require that the ERs associated with projects for the JI/CDM must posses some specific characteristics.

- The ERs must be based on **real** reductions of GHG emissions that are directly associated with the JI/CDM project activity.
- The ERs that are produced must be **measurable** or quantifiable using reliable measuring, sampling or mass balance techniques. This essentially requires that projects that produce ERs that are not directly measurable should not be eligible for validation as JI/CDM projects.
- The ERs must be **permanent**. Risks associated with the permanence of GHG reductions are directly related to whether reductions are reversible at a future point in time.[3]

This criterion for real, measurable and long-term benefits has given rise to the need for approved monitoring, reporting and verification protocol (MRVP) that must be associated with approved JI/CDM projects. The specific details of acceptable MRVP are currently being established by a number of entities that are interested in promoting JI/CDM project investments.

2.3 Additionality of reductions

GHG emissions from JI/CDM projects must be lower than those that would have occurred in the absence of the JI/CDM activity. This is referred to as the "emissions additionality" requirement for JI/CDM projects. To accurately estimate the additionality of reductions of a JI/CDM project, it is important to have an accurate portrayal of the baseline and the expected GHG emissions from this baseline.

An important financial consideration emerges in the process of defining baselines that must also be considered within the context of the additionality requirement of JI/CDM projects. Specifically, a JI/CDM project should also have "financial additionality" in comparison to the baseline option. That is, the financial internal rate of return (FIRR) of the JI/CDM project should be lower than the FIRR of the expected baseline project. If a proposed JI/CDM project is financially more attractive than the project that would occur in the baseline, then the argument can be made that the JI/CDM project belongs in the baseline and should replace the assumed baseline project. The issue of financial additionality is the subject of considerable debate. However, without the financial additionality criteria, there is no basis to determine if baselines are an accurate reflection of expected profit maximizing behavior in "open markets." Without financial additionality criteria, the possibility exists for defining baselines that maximize the eligibility of projects for the JI/CDM and thereby result in ERs that are not additional to what would have occurred in the absence of the JI/CDM. The SBSTA/SBI working group on the flexibility mechanisms is still resolving the issue of requiring strict compliance of financial additionality for JI/CDM projects.

It should be pointed out that many energy efficiency and some renewable energy projects do not meet the financial additionality criteria but are still not adopted in the baseline due to other

[3] The issue of permanence is of particular importance in the context of GHG sinks or sequestration. It also relates to the possibilities of delayed or displaced "leakage" in which the reductions achieved by a JI/CDM project is eventually offset by emissions from other related activities. This could occur due to an increase in a GHG emitting activities elsewhere, in the host country or possibly even outside the host country, that is a direct result of the JI/CDM project activity. The classic example is for the case where a preservation of a GHG sink in one part of the world leads directly to the accelerated destruction of another sink elsewhere in the world.

constraints such as capital availability, access to technology, lack of information, institutional barriers or a host of other non-financial barriers. In these cases, an argument can be made that such projects are additional in spite of failing the financial additionality criteria.

3. Review of Existing AIJ/JI/CDM Project Evaluation Criteria

3.1 Purpose

A review of the existing AIJ/JI/CDM project evaluation criteria was carried out in order to develop a JI/CDM project screening and evaluation criteria for Kazakhstan that is both appropriate for Kazakhstan as well as compatible with the emerging criteria for JI/CDM projects of currently active host and investor countries and institutions. The primary objective of this review was to learn of the existing requirements of active JI/CDM host and investor countries or programs such as the World Bank's Prototype Carbon Fund (PCF) or the Netherlands ERU-PT (emission reduction unit procurement tender) program.

To carry out this task, data on the existing procedures for evaluation and approval of AIJ/JI/CDM projects were assembled and summarized. The results of this effort are presented below. The data is first presented for investor countries and subsequently for host countries. A summary of the key evaluation criteria for both investor and host countries is presented in Table 3.1. A list of all the contact points for JI or CDM activities in the investor and host countries is presented in Annex 1.

3.2 Investor country criteria for AIJ/JI/CDM projects

3.2.1 Australia

Australia's International Greenhouse Partnerships (IGP) Program aims to provide opportunities for Annex I and non-Annex I countries (as defined in the UNFCCC) to cooperate to reduce, avoid or sequester greenhouse gas emissions in a cost-effective manner. The Program is primarily targeted at Australian business enterprises that are looking to develop their activities, particularly in the Asia-Pacific region, and wish to develop projects which reflect proven Australian expertise and technology in a broad cross-section of areas such as energy efficiency technologies and management, renewable energy sources, efficient power generation and distribution, capture and use of methane and sink enhancement (e.g. forestry).

Although the focus of the Program is on the Asia-Pacific region it does not preclude projects involving other countries, if suitable proposals and opportunities arise. Host countries that participate in the Program will benefit by gaining access to technology that will build the infrastructure needed to meet their development needs while also benefiting the global climate.

The project selection criteria issued by the IGP Program in September 1999 includes:

- All projects should lead to real and verifiable emissions reduction when determined against agreed baselines. Estimates of emissions reduction will need to be refined in consultation with the host country to determine the latest relevant practices in the absence of the IGP Program (all greenhouse gases should be addressed).
- Projects need to be endorsed by the designated national authority in the host country.

- Project should be compatible with host country's economic and social conditions and contribute to economic and development policies of the host country.
- Endorsement of project by commercial partners.
- Capacity building within host country to assist with addressing climate change.
- Measurability of emissions reduced or sequestered.
- Significant funding from non IGP Program sources.
- Leadership position of Australia in innovation/technology/services.
- Need for demonstration in host country.
- Scope for replication/market potential/commercial viability.
- Cost effectiveness of greenhouse gas reduction/sequestration (tons/$ project investment, tons/$ program funding).
- Prospects for early application of experience under CDM or JI.

3.2.2 Canada

The Canadian Joint Implementation Initiative (CJII) was launched in 1995 after the first Conference of Parties (COP) to the UNFCCC. The Canadian guidelines for Activities Implemented Jointly (AIJ) project criteria are based on Decision 5 of COP 1. The three primary criteria are:

1. *The activity must result in real, measurable and long-term reductions in net GHG emissions that would not have occurred in the absence of such an activity.*
   The project must include an estimate of the emission reductions and/or enhancement of removal by soils and sinks, resulting from the project activity. This estimate should be based on emissions with and without the project activity. A baseline must be established against which the avoidance, reduction or sequestration contributions of the project can be assessed. In some cases, the estimation of emissions scenario may be limited due to technological or other practical reasons.

2. *Exclusion of Official Development Assistance (ODA) Funding*
   This criterion addresses the concern that the investor country may divert ODA away from existing development programs to sponsor AIJ projects.

3. *Host Country Acceptance*
   Official host country acceptance of a project as AIJ is necessary. This should be in the form of a letter. Some developing countries have established their own AIJ programs with offices to facilitate the process of providing formal recognition. Some countries may require bilateral agreements to implement joint activities.

3.2.3 Japan

The Government of Japan established the Japan Program for AIJ under the Pilot Phase in November 1995. The evaluation criteria for AIJ projects under the Japan AIJ Program includes:

- Cumulative GHG emissions reduction resulting from the proposed project shall not be negative.

- Financial support for the proposed project shall be additional to the financial obligations of the Parties set out in Article 4.3 of the UNFCCC as well as to current official development assistance (ODA) flows.
- The proposed project shall be agreed upon as AIJ project by the partner government.
- The proposed project shall not cause greater increase in GHG emissions in other areas compared with the reduction of GHG emissions expected from the project.
- Regular reporting of emissions reduction achieved and modifications to emissions predictions.
- Adequate assessment of environmental, economic, and social impacts of the proposed project.

3.2.4 The Netherlands

The Government of the Netherlands implemented the Program on Pilot Projects for Joint Implementation (PPP-JI) from 1995 to 2000. The PPP-JI program covered a broad range of projects that reduced GHG from sources and enhanced GHG sinks in both developing countries and Central and Eastern Europe.

Projects that met the relevant criteria were registered under the Netherlands AIJ program. The PPP-JI program's criteria, based on the UNFCCC Decision 5/CP.1, were:

1. Governments of host countries must approve the registering of the projects as an AIJ project in a Letter of Intent. This is in line with Decision 5/CP.1 which states that "all activities implemented jointly under the pilot phase require prior acceptance, approval or endorsement by the governments of the Parties participating in these activities."
2. AIJ projects should result in real emission reductions compared to a baseline situation. Projects should also include monitoring and reporting plans.
3. AIJ projects may deal with sources, sinks and reservoirs of all greenhouse gases not dealt with under the Montreal protocol.
4. AIJ projects should be compatible with and supportive of the national environmental and development priorities and strategies of the host country. Projects must be compatible with the sustainable development priorities of the countries concerned (e.g. contribute to the reduction of local air pollution and transfer of technology) and must not introduce any conditionality that may interfere with the national priorities of Parties involved.
5. The environmental benefits claimed for AIJ projects will be screened. Apart from having a positive impact on climate, projects should preferably result in clear benefits for the local environment as well.
6. Each project should, to the extent possible, include a training component for local authorities and/or companies in the host country. Involvement by local partners will therefore be strongly encouraged.
7. Following Decision 5/CP.1, the financing of AIJ projects shall be additional to the financial obligations of Annex II Parties (principally countries that are members of the Organization for Economic Cooperation and Development—OECD) within the framework of the financial mechanism—the Global Environment Facility (GEF)—and to current official development assistance (ODA) flows.

8. AIJ projects should be economically and environmentally sound projects, which would not have been set up, for whatever reason, without AIJ funding.

The Netherlands Emission Reduction Unit Procurement Tender (ERU-PT)
Based on experiences gained in the AIJ pilot program, the Netherlands issued a JI initiative Emission Reduction Unit Procurement Tender (ERU-PT) in May 2000. Through this tendering scheme, the Dutch government will buy high-quality emission reductions from JI projects in Central and Eastern Europe. The Netherlands is the first country in the world to enter the Joint Implementation carbon market as a buyer of emissions reduction units.

A first call for interest for ERU-PT closed on 17 July 2000 and drew 26 expressions of interest from companies all over the world. After consultation with counterparts from host countries, nine companies have been invited to submit project proposals due on 15 February 2001. The nine projects may generate CO_2 emission reductions of 9.1 million tons. The total investment volume of these projects will be approximately 495 million Euro with expected ERU-PT contribution of 72 million Euro. The selected projects are in Romania, Poland and the Czech Republic. The technologies that will be utilized include co-generation, biomass, landfill gas extraction, reforestation, wind energy and hydropower.

The criteria for acquiring emission reduction units (ERUs) under the ERU-PT include:

- *ERUs are exclusively generated in a project format*. In order for an ERU to be generated, a project should be launched resulting in the reduction in GHG emissions by decreasing GHG sources or increasing GHG sinks (e.g. forests).
- *Emission reduction by the project should be significantly larger than reductions that would occur otherwise*. This means that reductions resulting e.g. from good housekeeping measures or low-cost measures that are likely to find place anyhow in the next few years, do not qualify for ERU-PT.
- *ERUs are transferred between countries only*. As ERUs may only be transferred from one government to another, the private sector is by definition excluded from possessing, acquiring or selling ERUs. Governments may authorise private enterprises however to generate ERUs in a project and sell claims on these ERUs, for instance to the government of The Netherlands.
- *ERUs are restricted to the commitment period (2008–12)*. The project must be in operation and generate ERUs during the period from 2008 to 2012. Emission reductions generated before 2008 will not be purchased.
- *Potential Project Types*. Renewable energy: biomass, (micro) hydropower, geothermal, wind and solar energy; co-generation; fuel switch; waste processing: landfill gas extraction, biogas applications; afforestation and reforestation; and energy efficiency in industrial, residential and transport related applications.
- *Eligible Countries*. Projects for ERU-PT can be located in most Central and Eastern European countries provided that the national government approves of transfer of ERUs to The Netherlands.
- *ERU Calculation*. The ERU volume to be generated by a project is estimated on the following basis:

i. Determination of the baseline—the situation that would have occurred if the JI project in question had not been launched.
ii. Estimation of the GHG emission in the period from 2008 to 2012.

The economic attractiveness (R) of ERU is calculated as follows:

$$R = P * \frac{130 - (F + S + E) / 3}{100}$$

- Price (P) of emission reduction units (ERU): A discounted price per ERU taking into account the price per ERU offered by supplier (project proponent) and the disbursement scheme of ERU-PT funds proposed by the supplier. The discounted price per ERU will be calculated using a discount rate of 6 percent, a fictive delivery of ERUs in July 2010, and the disbursement scheme.
- Project feasibility (F): Proposed project and technology must be deemed feasible and capable (technical, financial, organisational) of achieving its primary goals (e.g., delivery of heat and power for a combined heat and power generation (CHP) project, planting and management of a forest for a forestation project), expressed as a numerical score of 0–100, exclusion if less than 65.
- Commitment of Supplier (S)/Project Proponent: The commitment and capability of supplier to carry out the contract, expressed as a numerical score of 0–100, exclusion if less than 65. The supplier's financial and legal position, risks taken by supplier in the project, commitment of key persons in supplier's management team, and technical capability of project partners are evaluated.
- Emission reduction potential (E): Given the technical features and the position of the supplier, the feasibility of generation of ERUs from the project, expressed as a numerical score of 0–100, exclusion if less than 65. The baseline study, validation report, Letter of Approval of host government, and suitability of the technology proposed are evaluated.

Senter International, the implementation agency appointed by the Netherlands government, makes a ranking of the economic attractiveness of ERUs with the lowest R on the first place and the proposal with the highest R on the last place. ERU-PT contracts are awarded from the first place down. Depending on the outcome of COP-6, a new tender for additional ERUs may be issued in 2001 by Senter International. More detailed information on ERU-PT can be found at www.senter.nl/erupt.

3.2.5 Norway

The primary objective of Norwegian AIJ Pilot Phase activities is to contribute to the assessment of the possible global benefits and national economic, social and environmental impacts associated with AIJ projects. The Norwegian program aims to catalyze opportunities for broad participation among interested Parties and relevant actors with the view to maximizing learning value. Private sector involvement is encouraged in pilot projects to provide further financial and technological resources and practical experience.

The projects that qualify under the Norwegian AIJ program must clearly demonstrate that all objectives and criteria contained in UNFCCC Decision 5/CP.1 are met, including

- funding must be additional to ODA and GEF contributions,
- projects must transcend a business-as-usual scenario and provide additional benefits for the mitigation of climate change,
- projects must be supportive of national environment and development priorities and strategies, and
- projects must receive host country approval.

The strength of institutional capacity in host country to implement the project is also considered and private sector participation especially in leveraging technology transfer and financing is given a priority.

Additionally, a broad representation of different types of projects, geographical representation, and execution mechanisms (bilateral and multilateral) are promoted to maximize learning from AIJ activities.

3.2.6 Switzerland

The Swiss AIJ Pilot Program (SWAPP) criteria for AIJ projects include basic criteria approved by the Conference of the Parties to the UNFCCC in April 1995 (Decision 5) and SWAPP specific criteria. To be eligible under the SWAPP, AIJ investment projects must:

- Provide for sufficient training and/or other forms of capacity-building with the aim of ensuring that local capacities are adequate to properly manage, maintain and repair technology;
- Have replication potential;
- Be designed to allow quantitative monitoring and verification (projects that result in significant CO_2 reductions or sequestration may be given priority);
- Result in multiple benefits and be relatively cost-effective;
- Limit emissions caused by energy production and end-use (e.g. fuel-switching to low- or no-carbon fuels, promote the sustainable management of renewable energies, enhanced energy-efficiency);
- Result in net reduction of carbon emissions at the national level;
- Generate local benefits (taking into account the interests of indigenous and local populations); and
- Contribute to sustainable management of natural resources (e.g. conservation of ecosystems, biodiversity, forests and soils; substitution of fossil fuels).

3.2.7 The United States

The United States initiated the US Initiative on Joint Implementation (USIJI) in 1993 as part of the US Climate Change Action Plan. The USIJI is also the national program on AIJ under the UNFCCC. It supports the development and implementation of voluntary projects between US and non-US partners that reduce, avoid, or sequester greenhouse gas emissions.

The criteria used by the USIJI Program to evaluate proposed projects include:

- Host country government acceptance.
- Specific measures that reduce or sequester greenhouse gas emissions initiated as a result of the USIJI Program, or in reasonable anticipation thereof.
- Assessment of environmental and developmental benefits and impacts.
- Sufficient data and methodological information to establish a baseline of current and future greenhouse gas emissions with and without the specific measures of the project.
- Adequate provisions for tracking the greenhouse gas emissions reduced or sequestered as a result of the project, and on a periodic basis, for modifying such estimates and for comparing actual results with those originally projected.
- Adequate provisions for external verification of the greenhouse gas emissions reduced or sequestered by the project.
- Adequate assurance that greenhouse gas emissions reduced or sequestered over time will not be lost or reversed.
- Provision of annual reports to the Evaluation Panel on the emissions reduced or sequestered, and on the share of such emissions attributed to each of the participants—domestic and foreign—pursuant to the terms of voluntary agreements among participants.

The criteria are intended to identify those projects that support the development goals of the host country while providing greenhouse gas benefits beyond those that would occur in the absence of the joint implementation activity. The criteria were formulated to ensure that projects accepted into the program produce real, measurable net emissions reductions.

The United States International Climate Change Project Fund (ICCPF)
The objective of the International Climate Change Project Fund (ICCPF) is to provide funding support to US investor-owned utilities, their subsidiaries, and other investor-owned energy companies that are seeking to assess and implement specific projects to avoid, reduce and mitigate the climate impacts of greenhouse gas emissions in USAID assisted countries in Asia, Africa, and Latin America.

The ICCPF is administered by the International Utility Efficiency Partnerships, Inc. (IUEP). The purpose of the IUEP is to identify international energy project development opportunities, to support joint implementation (JI) project investment and development activities, and to demonstrate US commitment to voluntary approaches to global climate change issues. IUEP has established a program to solicit, evaluate, and fund project proposals in conjunction with US utilities and energy companies interested in developing and implementing international projects that avoid, reduce, or mitigate GHG emissions in a credible, creative, and cost-effective manner.

Projects that increase the overall efficiency of energy production and use will be given a high priority by IUEP in selecting projects. In addition, projects that have an existing private funding and/or have high potential for attracting private financing and projects that are not dependent on the development of non-commercial technologies or operational systems will have a higher chance of succeeding.

Technical evaluation criteria for JI projects include:

- *Feasibility and Completeness of Management Plan*—credible project design, adequate monitoring and contingency plans, 3rd party verification, identification and mitigation of potential leakage
- *Accuracy and Credibility of Greenhouse Gas Emissions and Emissions Reductions Calculations*—credibility of method, verifiability of data, accuracy of calculations, inclusion of indirect and secondary effects
- *Qualifications of Bidder and Other Project Participants*—experience with implementing similar projects, experience working in proposed country, level of commitment
- *Political Acceptance of the Project and Stability of the Region*—degree of local participation, letters of agreement with host-country government and stakeholders, political/economic stability of region
- *Other Considerations*—non-greenhouse gas benefits, innovativeness, acceptability under USIJI.

ICCPF also evaluates projects based on the following cost-effectiveness criteria:

- *Accuracy and Credibility of Cost Calculations*—all start-up and O&M costs, credibility of assumptions, accuracy of estimates
- *Financial Reliability of Bidder and Partners*—availability and stability of financial resources, stability of currency
- *Amount of Funding Secured*—level of commitment from bidder and other members of the project team
- *Cost-Effectiveness of the Project*—cost per ton of CO_2–equivalent reduced/sequestered
- *Rate of Return of Project*—define the internal rate of return that can be expected by IUEP investors

Additionally, only projects that are implemented in the following countries are eligible:

Asia	**Africa**	**Latin America and the Caribbean**
Bangladesh	Cote d'Ivoire	Bolivia
India	Egypt	Brazil
Indonesia	Gabon	Dominican Republic
Nepal	Ghana	Ecuador
Philippines	Malawi	El Salvador
Sri Lanka	Nigeria	Guatemala
	South Africa	Honduras
	Zambia	Jamaica
		Mexico
		Nicaragua
		Peru
		Panama

3.2.8 The Prototype Carbon Fund

The Prototype Carbon Fund (PCF) managed by the World Bank funds projects in the framework of Articles 6 and 12 of the Kyoto Protocol, or Joint Implementation and the Clean Development Mechanism, respectively. It will support projects directly and through participation in "local or regional carbon funds" that it will help to establish. However, even when the PCF participates in other carbon funds, its financing will be identified with specific projects that meet the agreed PCF project selection criteria and conform to the procedures of the PCF, which ensure high quality emissions reductions.

The following is the minimum eligibility requirements for PCF project:

- *Type of Project*—Greenhouse gases targeted should be those covered under the Kyoto Protocol (CO_2, CH_4, N_2O, HFCs, PFCs, and SF_6). Projects related to Land Use, Land Use Change and Forestry cannot be located in non-Annex I countries before the Parties to the UNFCCC make a decision on this issue.
- *Location of Project*—Country where the project is located should be a signatory to the UNFCCC. Project should identify specific locations for its implementation.
- *Expected Schedule*—Project should start no later than December 2003. Project should be operational before January 2008.
- *Financing Sought* - PCF contribution will be no less than approximately 2%, nor more than approximately 10% of the fund's assets (roughly 3–15 million US dollars). PCF will not provide debt and/or equity finance for the baseline component of the project. The baseline component of the project should be financed by other sources.
- *Technical Summary of Project*—Project should be replicable and/or facilitate technology transfer for the country. Technology to be applied must be an established and commercially feasible one in somewhere other than the country in consideration. Project proposal should contain sample cases of the technology applied in the past in order to show its commercial feasibility.
- *Expected Environmental Benefits*—Estimated cost of emission reductions should preferably be less than US$10 per ton of carbon (tC), which is equivalent to about US$3 per ton of CO_2. Baseline or reference scenario should represent the most likely business-as-usual scenario in the country (e.g. with regards to fuels mix, planned expansion of electricity grid, etc.).

Additional information about the PCF can be obtained from www.prototypecarbonfund.org.

3.3 Host country criteria for AIJ/JI/CDM projects

3.3.1 Costa Rica

The Costa Rican Office on Joint Implementation (OCIC), authorized by Executive Decree, sets the objectives, policies and criteria for the preparation, evaluation, and approval of AIJ projects. All proposals submitted to the OCIC should contain sufficient supporting data and analyses to allow for a full evaluation according to the criteria listed below.

National Criteria for AIJ Projects:

- *Legal Compatibility*—The project shall comply with all Costa Rican laws and regulations.
- *Host Government Acceptance*—The project shall be acceptable to the Costa Rican Government.
- *National Sustainable Development Priorities*—The project shall be compatible with and supportive of Costa Rican national environment and development priorities and strategies.
- *Local or Community Support*—The project should seek local community support and participation.
- *Local Benefits*—The project should enhance income opportunities and quality of life for the Costa Rican civil society.
- *Minimize Adverse Consequences*—Adverse consequences of the project should be minimized through site selection, scale adjustment, timing, attenuation, and mitigating measures.
- *Local Capacity Building*—The project should include transfer of technical know-how and capacity building in addition to transfer of high quality technologies.

Project-Specific Requirements:

- *Offset Additionality*—The project should bring about real, measurable and long-term environmental benefits related to the mitigation of GHG that would not have occurred in the absence of such activities. The proposal should include a defensible reference or baseline case for emissions reductions or sequestration processes in the absence of the project and the methodologies and assumptions used to develop the reference case.
- *Monitoring*—The monitoring plans should include actual measurements of the project's emissions or sequestration in order to establish a high degree of certainty that the predicted benefits were achieved by the project. The monitoring plan should also include the participation of organizations capable of successfully monitoring the project.
- *Verification*—The project needs to allow for the verification of the project's progress through inspection by a qualified third party agent.
- *Durability or Quality of Offset*—The project needs to ensure that the greenhouse gas offsets achieved by the project will be maintained over the life of the project.
- *Additional Financial Support*—The financing for the project should be additional to the financial obligations of Annex II Parties to the UNFCCC, as well as to the current official development assistance flows (ODA).
- *Cost Estimates*—The project should include an accounting of all the costs of operation and economic benefits associated with the project, including organizations or entities, other than official project participants, that may contribute to the project's operation.
- *Financial Feasibility*—The financial feasibility for the project should be assessed with and without the AIJ additional financial contribution. The marginal cost per avoided ton of CO_2 equivalent (in US$) should be provided as well as sharing arrangement for the monetary surplus related with the project GHG abatement benefits.
- *Institutional Feasibility*—The adequacy of domestic Costa Rican institutional framework (legal, administrative, and technological) to implement and administer the project should be assessed.

- *Credibility of Project Participants*—Project partner(s) and intermediaries should have a successful track record and each partner's role in the project's development and implementation should be made explicit in the proposal.

3.3.2 Czech Republic

In addition to project requirements covered under Decision 5 of COP-1, the Ministry of the Environment of the Czech Republic requires the following criteria for JI projects:

- Evidence must be given that a significant reduction of emissions of greenhouse gases (at least 10% per annum) in comparison with the initial state (emission baseline) per unit amount of the final production shall occur through:
  - Replacement or modification of existing technology or parts of it,
  - The addition to the existing technology by addition of "end of pipe" equipment (de-nitrification, waste gas incineration, trapping of VOCs, etc.)

- As for the projects resulting in long-term sequestration of carbon dioxide through afforestation, the project should increase the overall stability of forest ecosystems and respect the principles of biodiversity protection.

- Foreign firms' investments into subsidiaries located in the Czech Republic made solely to meet emission limits such as those outlined in the Air protection Act, shall not be considered as AIJ projects.

3.3.3 Poland

The Government of Poland in 1994 established the Polish Secretariat for Joint Implementation. The Secretariat has responsibilities for communications, co-ordination, and review of Joint Implementation projects. The two major criteria that are required for JI projects in Poland are:

(a) Projects involving technological development and upgrading of equipment, or involving financial resources to procure such technologies and equipment will be endorsed as JI projects. Projects which include only technical assistance, education, or training are valuable forms of foreign assistance but they will not be considered as JI projects.

(b) Projects directly reducing the generation of GHGs in the production of goods and services by (i) improving the efficiency of use of raw materials or improving composition thereof (e.g. fuel switching), and (ii) reducing the GHG content of wastes through chemical, biological, or physical treatment processes or recycling as well as projects that remove greenhouse gases from the atmosphere (e.g. carbon sequestration by planting trees).

Additional requirements for proposed JI projects in Poland are:

- JI projects should directly or indirectly result in cost-effective realization of environmental goals.

- JI projects should encourage the economic use of natural resource and reuse or recycling of waste materials.
- JI projects should be compatible with, and promote to the greatest extent possible, utilization of modern production processes.
- JI projects should be sensitive to and compatible with macroeconomic policies at national and voivodeship levels.
- JI projects should only be undertaken by Polish enterprises which can reasonably be expected to be economically viable in the long term.

The JI projects are also required to meet the following objectives:

- Consistent with the standards or guidelines adopted by the First Conference of the Parties to the UNFCCC;
- Consistent with the National Environmental Policy of Poland and promotion of the principles of sustainable economic development with optimization of natural resource allocation that are beneficial in the long term to Poland; and
- Ensuring that public and private domestic financial resources devoted to the JI project for implementing JI projects are used cost-effectively (ensuring the best output at the given cost).

3.3.4 Ukraine

The Climate Change Initiative (CCI) in Ukraine has elaborated the following preliminary criteria as a basis for screening potential JI projects:

- *Measurable Emission Reductions*—establishment of baseline emissions and estimation of credible GHG emission reduction potential by projects;
- *Emissions Reduction Timeframe*—GHG reductions should continue for at least 10 years after the project start-up;
- *Consistent with National Priorities*—priority projects include energy efficiency and coal bed methane projects;
- *Co-Benefits*—evidence of emissions reduction of other pollutants (e.g., SO_2, NOx, TSP), cost savings, employment generation and improved quality of life;
- *Credible Parties*—profitable or financially sound enterprises; industry experience.

Ukraine, like Kazakhstan, is presently in the process of trying to establish an active climate change mitigation program with assistance from USAID. Additional information about Ukraine's climate change program can be obtained from www.climate.org.ua

3.4 Options for twinning between Kazakhstan and JI/CDM programs

From the review of exiting AIJ/JI/CDM programs, the international programs that are most active currently in financing GHG mitigation projects in return for emissions reduction units (ERU) are the Netherlands ERU-PT and the Prototype Carbon Fund (PCF) of the World Bank. Twinning of Kazakhstan JI/CDM office with these international programs will

- Raise the visibility of Kazakhstan in international climate change fora and business community as an active participant in reducing GHG emissions and contributing to the objectives of the Kyoto Protocol and the UNFCCC;
- Enhance the technical capacity of Kazakhstan to identify, develop, and administer CDM/JI projects; and
- Increase the interest of international investors and Annex I countries to finance and implement GHG mitigation projects in Kazakhstan.

The Netherlands ERU-PT and the PCF are actively seeking to acquire project-based ERUs by providing additional project financing. The programs have developed the most current and detailed project evaluation criteria for potential CDM/JI projects and procedures for transfer of ERUs from project host countries to investor countries. The Netherlands ERU-PT has solicited nine project proposals from project proponents to acquire over 9 million tons of CO_2 emission reductions during 2008–12 in Romania, Poland, and the Czech Republic. The PCF has successfully negotiated with the Government of Latvia to purchase emissions reduction units from the Liepaja Solid Waste Management Project and is currently pursuing project opportunities in Costa Rica, Morocco, Uganda and Guyana.

Summary of Key Project Evaluation Criteria of Investor and Host Countries

	Investor Countries										Host Countries			
	Australia	Canada	Japan	Netherlands	ERU-PT	Norway	Switzerland	USA	ICCPF	PCF	Costa Rica	Poland	Czech Republic	Ukraine
UNFCCC Criteria														
Real, measurable, long-term emissions reduction	+	+	+	+	+	+	+	+			+	+	+	+
Additionality of emission reductions (relative to a baseline)	+	+	+	+	+	+	+	+		+	+	+	+	+
Exclusion of ODA funds		+	+	+	+	+	+				+	+	+	+
Host country acceptance	+	+	+	+	+	+	+	+	+	+	+	+	+	+
National Criteria														
Contribute to sustainable development				+			+		+	+	+	+		
Comply with environmental regulations and standards		+	+	+		+	+	+	+	+	+	+		
Support economic and social development priorities	+	+	+	+		+	+			+	+	+		+
Project Criteria														
Defensible baseline	+	+	+		+			+	+	+	+			
Cost effectiveness ($/t CO_2)	+				+		+		+	+		+		
Solid project partners					+				+		+	+		
Monitoring and reporting plan	+		+	+	+		+	+	+	+	+			
Host country capacity building	+	+		+			+				+			
Private sector participation	+				+	+			+	+				
Replication potential	+						+							

4. Objectives of Screening Criteria for JI/CDM Projects in Kazakhstan

In accordance with its commitments under the UNFCCC, Kazakhstan plans to participate in the investment driven flexibility mechanisms of either Joint Implementation or the Clean Development Mechanism (JI/CDM). The choice of JI or CDM will be dependent on the eventual status that Kazakhstan chooses in depositing its ratification of the Kyoto Protocol.[4] In either event, Kazakhstan must compete to attract foreign investments that are anticipated as a result of the implementation of the flexibility mechanisms of the Kyoto Protocol.

One of the key elements for attracting JI/CDM investments is the development and application, by the host country, of quick, simple and transparent procedures for identifying, screening, evaluating and approving projects that will be eligible for JI/CDM. These will include standardized forms and procedures for receiving, evaluating and approving JI/CDM projects. In Kazakhstan, the Inter-Agency Commission on Climate Change (IACCC) is expected to have the responsibility for approving projects for JI/CDM. The Kazakhstan Climate Change Coordination Center (CCCC) will assist the IACCC accomplishing in these duties. To achieve this objective, the CCCC will implement a system to screen, evaluate, approve and monitor JI/CDM projects. The principal objectives of the proposed screening criteria are to:

- Determine if project proposals contain all the required information that is necessary to fairly and accurately assess the suitability of the proposed project for JI/CDM eligibility; and
- Assess the proposed projects that do satisfy the information requirements to determine their suitability for approval as JI/CDM projects.

To facilitate the generation of JI/CDM activities at national level and to ensure that proposed activities are consistent with national and "sustainable" development objectives, it is anticipated that national agencies will be designated to review and approve proposed JI/CDM projects. The responsibility of the "National JI/CDM Board" will be delegated to the IACCC with the CCCC as its working secretariat. The principal activities of the IACCC/CCCC include:

- Validating eligible JI/CDM project activities that (a) meet national priorities; (b) contribute to sustainable development; and (c) result in real, measurable and long-term benefits related to mitigation of climate change;
- Validating the baselines associated with JI/CDM project activities on the basis of criteria that are established by international rules and national development priorities;

[4] Kazakhstan is presently a non-Annex I country and thus eligible to participate in the flexibility mechanisms through the CDM. However, Kazakhstan has declared its desire to accede to Annex I status and thus become eligible to participate in the flexibility mechanism through JI. The term JI/CDM is used throughout this report in recognition of the transition phase that Kazakhstan is presently in. However, the criteria for projects to qualify as JI or CDM are presently evolving and appear to be similar in many respects. Therefore, this report does not attempt to make a distinction between the screening and approval criteria for JI and CDM projects in the context of Kazakhstan.

- Facilitating investments in approved national JI/CDM project activities;
- Establishing the rules and guidelines for monitoring of JI/CDM project activities to ensure the availability of the data needed for independent verification of the resulting ERs; and
- Tracking and registering the production and transfer of ERUs/CERs from approved JI/CDM project activities.

The step-by-step process for screening and approval of JI/CDM project proposal as potential JI/CDM projects is discussed below. A discussion of the proposed screening criteria for JI/CDM projects is presented in Section 5.

The purpose of all validation/verification/certification activities is to assure the credibility and quality of emission reductions. This requires the application of an agreed framework, ideally an international standard, which can assure international investors and other interested parties that verified and certified emission reductions fully satisfy all KP modalities and other agreed criteria and requirements. This likely will require showing that the emission reductions are real, measurable and additional and that these reductions will eventually be recognized by the Convention Parties.[5] The approach that is presented for Kazakhstan builds on the above principles, is flexible and includes the following specific elements:

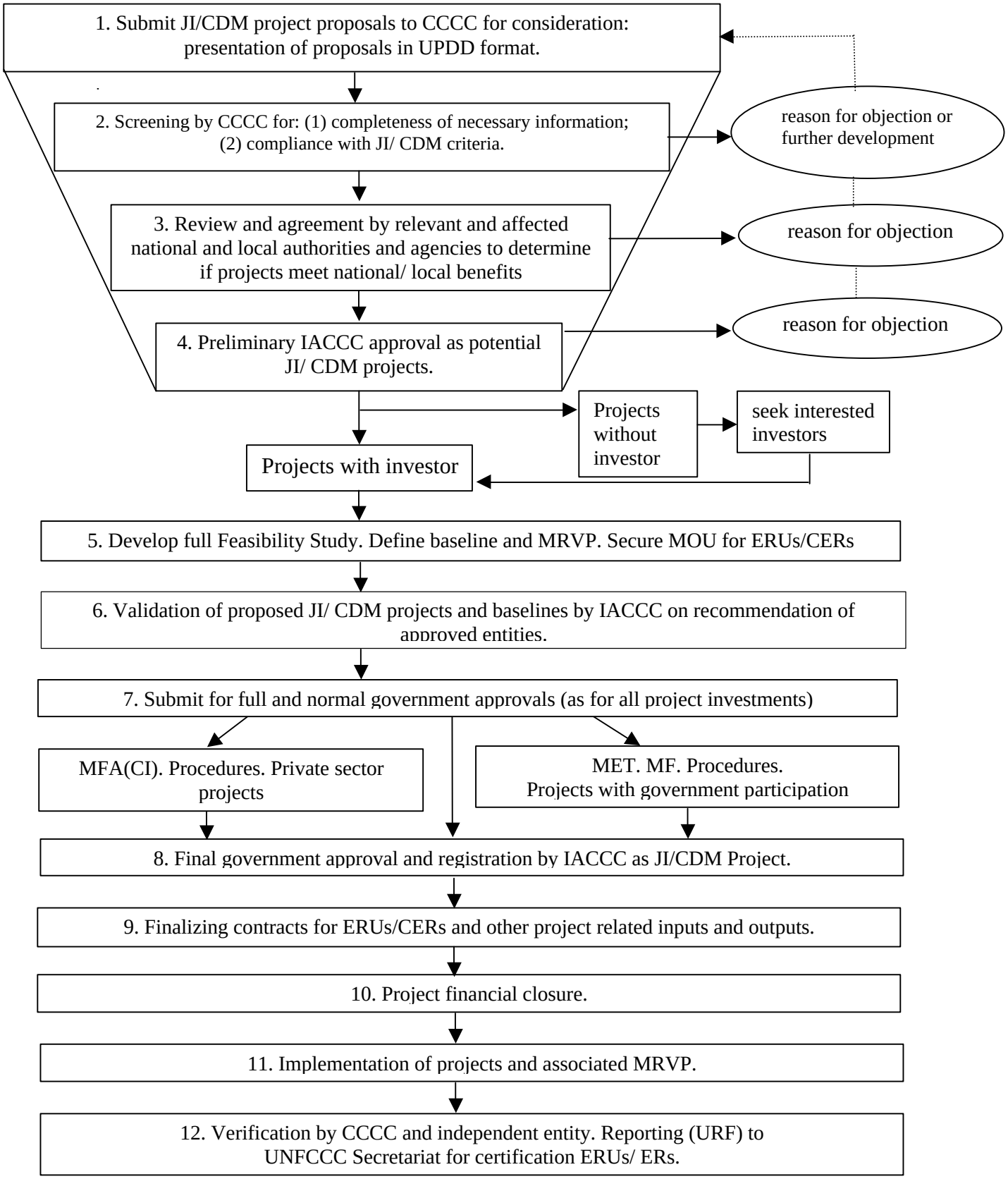
- A baseline study for the project and an explanation of how additionality and other relevant project criteria will be satisfied.
- A Monitoring and Verification Protocol (MVP) for the project.
- Validation of the project design including the project baseline and the MVP.
- Monitoring of emission reductions and other relevant parameters and indicators.
- Periodic auditing of the project and verification that emission reductions have been achieved in compliance with relevant project criteria.
- Certification of verified emission reductions.
- Recognition or registration of the certified reductions by a UNFCCC body.

4.1 Proposed procedures for assessment and approval of potential JI/CDM projects

Figure 4.1 presents a flow diagram of the key steps in the decision-making and approval process for proposed JI/CDM projects in Kazakhstan. A brief discussion of each of the key screening, evaluation and approval steps is presented following the diagram and discussed in more detail below.

[5] PCF Implementation Note Number 4, April 21, 2000.

Figure 4.1 Project Screening, Evaluation and Approval Process



Step 1. Submission of all JI/CDM Project Proposals to the CCCC for Consideration

The first step requires that all JI/CDM project proposals be submitted for consideration to the CCCC, which serves as the working secretariat for the IACCC. The principal objective of this first step is to get proposed JI/CDM projects into the agreed screening, evaluation and approval process. By having a single point of entry or "one-stop-shop" for submitting JI/CDM project proposals, potential JI/CDM project developers/sponsors will have a designated window to start the process of having proposed JI/CDM projects reviewed, evaluated and approved. The CCCC will serve as a focal point agency for the dissemination of information relating to the process, format and criteria associated with the submission of proposed JI/CDM projects. Potential sponsors of JI/CDM projects will thus have a focal point agency to work with in assisting them in the process of submitting their proposals. In addition, the CCCC will serve to monitor and track the status of all JI/CDM project proposals that are submitted to the Government of Kazakhstan for consideration. The CCCC will maintain a database of the status of all submitted JI/CDM projects. The database will serve several purposes including providing an overview of the type and scope of all proposed JI/CDM projects and identifying areas that may be of priority or interest to the Government of Kazakhstan but which do not have any proposed JI/CDM projects. The database could also help attract JI/CDM investors for projects that are of a high priority for Kazakhstan but do not have the required JI/CDM investment support especially through internet based links that can be established by the CCCC.

To be effective, all JI/CDM project proposals must be submitted to the CCCC, with a dated cover letter, for inclusion into the approved review, evaluation and approval process. The CCCC will be required to acknowledge receipt of all submitted JI/CDM project proposals, enter the submission into the database and inform the project proponent of the project's review, evaluation and approval status. All potential project developers including government and national institutions, international multilateral and bilateral organizations, local communities, non-governmental organizations, academic institutions and private sector entities will be instructed to submit their proposals to the CCCC to initiate the JI/CDM project review, evaluation and approval process. In order to streamline this process, all project proposals will be required to be submitted in accordance with Kazakhstan's Uniform Project Design Document (UPDD) format. The UPDD format is simultaneously being developed to help streamline the process of JI/CDM project review and evaluation. More details on the UPDD are presented in Section 5.

Step 2. Screening of Submitted JI/CDM Project Proposals by CCCC

The screening of all submitted JI/CDM project proposals is divided into three stages. The objective of the first stage is to determine if the submitted project proposal contains all the requested information that is necessary to carry out an evaluation of the suitability of the project for JI/CDM consideration. In this regard, the UPDD provides the guidelines and format for the minimum required information needed to carry out the evaluation of the proposed project. Requiring all project proposals to be submitted in the UPDD format will facilitate the quick assessment of the completeness of information of the submitted project proposals. If the project proposal is lacking critical information, it will be returned to the project proponent with an indication of the missing or additional information that is needed. This first stage of screening will not determine the accuracy or quality of the information that is submitted or the suitability of

the proposed project for JI/CDM, but simply determine the completeness of the information. It is expected that this first stage screening will require one to two working weeks for the CCCC to process. As such, project proponents should receive notification of either the acceptance or rejection of their proposed project for further evaluation within this time frame. In the event a proposed project is rejected for further evaluation, a brief explanation of the reasons (i.e., indication of the missing information) for the rejection will be provided in a cover letter, which returns the proposal to the proponent.

If a JI/CDM project proposal is accepted for completeness of information, it then moves to the second stage of the screening process. The principal objective of the second screening stage is to make a preliminary determination of the acceptability of the proposed JI/CDM project against the criteria for JI/CDM projects established for Kazakhstan and discussed in Section 5. This can only be a preliminary determination as the data provided by the project proponent is expected to be at the concept or pre-feasibility stage and the project proposal will still require a detailed feasibility study and a number of other government and local agency approvals before obtaining final approval as an acceptable JI/CDM project. By carrying out an initial screening of proposed projects at the pre-feasibility level, project proponents can be informed of the potential acceptability of their projects at an early stage and before they have expended considerable resources to fully develop their projects. In many cases, proposed projects may only need minor modifications to meet JI/CDM criteria. If these modifications are identified at the pre-feasibility stage, their inclusion in the final project design may be easier and less costly to the project proponent.

The second screening stage is expected to require two to four working weeks to complete. The result of this screening stage will either be preliminary acceptance by the CCCC to enter the proposed project for further consideration and detailed evaluation as a JI/CDM project or the project will be rejected as a candidate for consideration as a JI/CDM project and will be returned with an justification for its rejection to the project proponent. In many cases, the rejection may indicate the necessary modifications that should be considered if the project is to be resubmitted. It a project does not fit within the JI/CDM criteria or priorities set for Kazakhstan, this should be indicated in the letter of rejection sent to the project proponent.

Once a project has passed the second screening stage it will move to the third and final screening stage. This screening stage contains multiple levels of evaluation and approval and will be carried out only for the JI/CDM projects that are most likely to succeed. Moving through this screening, evaluation and approval stage will require that project proponents are willing to commit the time and resources that will be necessary to complete the process. This will include obtaining the necessary local and national agency approvals as well as the final JI/CDM project approval of the IACCC. The details of the remaining steps in the proposed JI/CDM project screening, evaluation and approval process for Kazakhstan is outlined below.

Step 3. Review and Agreement by Relevant National and Local Agencies

The third key step in the JI/CDM project screening, evaluation and approval process requires the project proponent to obtain and demonstrate the preliminary review and approval of the proposed project concept by the relevant affected local and national agencies. Relevant authorities, such as

Akimats, municipalities and national Ministries with jurisdiction over the project should be consulted and written demonstration of their preliminary approval of the project concept submitted by the project proponent. If available, these approvals may be included in the submission of the project concept to the CCCC. If these approvals are not included, the CCCC will inform the project proponent of the need for these approvals in order to move the project to the next stage of the JI/CDM screening, evaluation and approval process. If a project proponent is having difficulty in obtaining these approvals for project that has been judged in Step 2 to have met the JI/CDM criteria set for Kazakhstan, the project proponent may ask the CCCC for advice and assistance to help obtain the necessary approvals. This represents a potential service for fee that the CCCC could provide JI/CDM project proponents.

Step 4. Preliminary IACCC Approval as Potential JI/ CDM Projects

The fourth key step in the JI/CDM project screening, evaluation and approval process is the preliminary approval of the proposed JI/CDM project by the IACCC as a project for inclusion in the Kazakhstan portfolio of JI/CDM projects. This preliminary approval will be based on the screening and evaluation report and recommendations prepared and presented by the CCCC to the IACCC. However, the members of the IACCC will have the opportunity to review the details of the proposed JI/CDM project and to raise any questions of clarification or information that they deem necessary to clarify their position on the project. If a member of the IACCC objects to a project, the objection must be substantiated by sound facts and submitted in writing to the Chairman of the IACCC. If a proposed JI/CDM project is rejected by the IACCC, the project proponent will be informed in writing with the reasons for the rejection of the IACCC.

Once a project obtains the preliminary approval of the IACCC as a potential JI/CDM project, it will be classified into one of two categories. Projects with sufficient investor backing can proceed to the next step in the project development cycle, which is discussed below in Step 5. Projects without sufficient investor support or which do not have a buyer for resulting GHG emission reduction credits will be placed in a portfolio of potential JI/CDM projects for which the CCCC, working in association with Kazinvest, will actively seek to find investor support. Again, this is a service for fee that the CCCC and/or Kazinvest could provide potential JI/CDM project developers. The details for this opportunity need to be explored by the CCCC.

Step 5. Develop Feasibility Study, Define Baseline and MRVP and Secure MOU for ERUs/CERs

The fifth step in the JI/CDM project screening, evaluation and approval process requires the development of a full feasibility study, a detailed definition of the associated baseline, an acceptable proposal for a monitoring, reporting and verification protocol (MRVP) and the securing of the memorandum of understanding (MOU) or purchase agreements for the ERUs/CERS that will result from the project. This responsibility falls on the principal project proponent and can be costly and time consuming. By requiring this process only for projects that have passed the first four key steps in the JI/CDM screening evaluation and approval process, the risks that the proposed project will not receive the final approval by the IACCC as a JI/CDM project are reduced considerably.

The full feasibility study for proposed JI/CDM projects along with the associated baseline and MRVP will provide the basis for the detailed project evaluation and analysis that is necessary for IACCC validation of proposed projects as eligible for JI/CDM. It is expected that the CCCC, working as the secretariat for the IACCC, will carry out the detailed project evaluation and provide a report and recommendation to the IACCC. The guidelines and criteria for evaluating and validating proposed JI/CDM projects are outlined in Section 5.

Besides guidelines for project validation and baseline definition, it is necessary to develop suitable Monitoring Reporting Verification Protocol (MRVP). A number of organizations have begun this task. A summary of those proposed by the Prototype Carbon Fund (PCF) is outlined below.[6]

- The MVP will build on the baseline study for the project. It will ideally include formulas or algorithms for calculating baseline and project emissions, which can use data, collected during the operational phase within and outside of the project boundaries.
- The MVP will include clearly defined indicators that allow those concerned to observe and verify continued conformance of the project with relevant project requirements and criteria, including the contribution of the project to achieving sustainable development.
- The MVP contains detailed instructions regarding the data to be collected and the monitoring and measurement procedures. The MVP will list indicators to be measured (e.g., fuel consumption), instruct how to take measurements, what records to keep, how to process documents, and who will be responsible for these activities.
- The MVP contains also instructions for auditing and verification. The MVP will, for instance, specify when auditing and verification activities take place, which data and installations have to be accessible, which data sensitivities exist and how to deal with them.
- The MVP may also include instructions for a management system and training requirements to support the monitoring activities.

In order for a JI/CDM project to move to financial closure and implementation, it should secure legally enforceable agreements for the sale and/or transfer of its resulting ERUs/CERs. A first step in this process is the securing of MOUs for the purchase of the projects resulting ERUs/CERs. A number of model MOUs for ERUs/CERs currently exists. The principal project proponent will be required to secure the necessary MOUs for the purchase of the projects ERUs/CERs to demonstrate the viability of the additional financial support (revenues) that may be necessary for the proposed project.

Step 6. Validation of Proposed JI/ CDM Projects and Associated Baselines

Upon completion of independent validation by an approved agent, the validation report will be submitted to the CCCC for presentation to the IACCC. Upon approval by the IACCC of the validator's report, the IACCC will permit the registration of the proposed JI/CDM project in Kazakhstan's portfolio of validated JI/CDM projects.

[6] PCF Implementation Note Number 4, April 21, 2000.

Project validation is the process of official approval of the project's design (baseline, MRVP, compliance with JI/CDM criteria, etc.) to assure the credibility and quality of the resulting ERUs/CERs. Validation of JI/CDM projects requires a review and assessment of the assumptions and plans relevant for the successful implementation and operation of the project. The assessment will be based on a document review and appropriate research by the validator. The validation process is expected to provide answers to questions such as:

- Does the project meet the relevant criteria for JI or CDM projects (KP requirements, host country criteria and legislation, investing country criteria, other criteria for social and environmental impact assessment, sustainable development etc.)?
- Has a proper baseline study been undertaken? Is the baseline credible? Does the assessment substantiate the environmental additionality of the project? Would the baseline have to be re-assessed later and why?
- Are there any significant leakage effects from the project? What are the major risks regarding the emission reductions?
- Is the MVP appropriate for this type of project and in compliance with relevant standards or best practice? Are there any conflicts of interest?
- How many emission reductions can reasonably be expected from the project? Is the assessment credible and conservative enough to take risks into account?

The validator will prepare the validation report, which will cover at least the following aspects and the risks related to them: (a) the baseline, including possible indirect emission effects, (b) the project plans, likely compliance with project criteria during project construction and operation, (c) the MRVP, (d) the expected quantity of emission reductions. The review of the baseline and the project's environmental additionality can be challenging. Validation will therefore not only require traditional auditing skills, but also significant insights into economic modeling, incentive mechanisms and development issues as well as UNFCCC related issues.

The validator for a JI/CDM project can be a third and independent party, such as an accredited environmental auditing and certification company, normally an internationally experienced and respected environmental auditing company that is registered in Kazakhstan. A designated national authority can also execute validation. The designated national authority must be capable of establishing and applying the validation criteria during the project review and appraisal process. The validator must be fully independent from all other aspects of the project and not have assisted in its design or any project components in order to avoid any conflicts of interest.

The independent company/agent should also verify project readiness before operations begin. Good project specification facilitates accurate monitoring. Thus, validation or approval of the project design is a key element of monitoring and verification. The validation report will include a statement that the project design satisfies all relevant requirements and criteria and that the baseline is sound.

Validation will not automatically imply UNFCCC endorsement of the project, the baseline or any other project feature unless the Parties have made official arrangements to this effect. Such arrangements could call for a registration and/or an endorsement of the project by a UNFCCC

body. Therefore, validation of the project is precondition of its registration as potential JI/CDM project.

Step 7. Submit Validated Project for Full and Normal Government Approvals

Once a project has been validated as a JI/CDM project, it can be submitted for all remaining normal local and national government approvals. Depending on a character of the prospective investments, the projects will have to pass through various procedures that relate to projects with government participation versus those that are exclusively private sector investments. Projects with government participation go through the existing procedures of submission and approval according to the rules of Ministry of Economy and Trade and Ministry of Finance and according to associated base legislation. Private sector investment projects, with no government participation, are required to meet the existing procedures of project submission and approval that are established by the Committee of Investments of Ministry of Foreign Affairs and according to associated base legislation. Upon completion of independent validation by an approved agent, the validation report will be submitted to the CCCC for presentation to the IACCC. Upon approval by the IACCC of the validator's report, the IACCC will permit the registration of the proposed JI/CDM project in Kazakhstan's portfolio of validated JI/CDM projects on completion of any remaining government approvals required as described in Step 8.

Step 8. Final Government Approval/Registration by IACCC of JI/ CDM Project

In this step, the developer has to obtain documentation of all the necessary national and local government agency approvals that are normally required for investment projects. Once all government approvals have been secured for a validated JI/CDM, the final step is the formal registration of the project as an approved and validated JI/CDM project by the IACCC. This process is essentially a pro-forma procedure and can be accomplished when all the approval documentation is secured and delivered by the developer to the CCCC. The IACCC registration of the project is essential for project tracking, implementation of the MRV procedures and ultimate certification of the resulting project emission reductions.

Step 9. Finalizing Contracts for ERUs/CERs and Other Project Related Inputs and Outputs

Finalizing of all contracts for ERUs/CERs and other project related inputs and outputs is a necessary step in the overall project development cycle. The main concern for JI/CDM projects is that the final terms of the purchase agreements for the ERUs/CERs are not in violation of any agreements or conditions that were made or presented in the process of having the JI/CDM project validated.

Step 10. Project Financial Closure

Financial closure is achieved when all contractual arrangements related to project financing, construction, fuel supply, operation and maintenance, performance monitoring and product sales are finalized. During this process, performance risks, responsibilities and liabilities are allocated and key licenses and contracts for the import of equipment, plant construction and plant

operation are secured. From the perspective of a project's ERUs/CERs, it is important that the purchase agreement cover all relevant aspects that relate to its financial value. These include[7]:

- Protocols for measurement, reporting and verification of resulting ERUs/CERs;
- Quantity, price and delivery date of ERUs/CERs;
- Responsibilities and liabilities in case of non-performance with regards to ERUs/CERs;
- The implications of a change in the status of the project's validation and baseline reference; and
- Procedures to resolve impacts of future changes (in the regulatory environment or baseline definition) on a project's capacity to generate ERUs/CERs.

The financing of the project is made in the correspondence with existing norms and rules of Kazakhstan under control and monitoring by the Ministry of Finance.

Step 11. Implementation of Projects and Associated MRVP

Upon achieving financial closure, a project moves quickly to the project implementation and operation phase. The effort and time required during this phase of the project cycle is highly dependent on the specifics of each project.

Thus the principal objective during the project implementation and operation phase is to ensure the production of ERUs/CERs and to establish a clear and practical audit trail for the monitoring and verification of the ERUs/CERs.

The ERUs/CERs of a validated JI/CDM project must be carefully monitored, verified and certified prior to being eligible for transferring according to the KP. The JI/CDM project owner/operator has the primary responsibility for the monitoring of ERUs/CERs. The owner/operator may contract or may have agreed to contract a third party to carry out the ER monitoring functions.

Step 12. Verification by CCCC and Independent Entity and Reporting (URF) to UNFCCC Secretariat for Certification ERUs/CERs

The GHG emission reductions achieved and claimed by the project are to be verified periodically and can then be certified internationally if so required before they can be transferred to a recipient, e.g. foreign country. In other words, *verification* is the periodic auditing of monitoring results, the assessment of achieved emission reductions and of the project's continued conformance with all relevant project criteria.

The process of ER verification is very similar to the process of independent product inspection and testing prior to payment by a buyer. The buyer must be assured of the receipt of what was contracted for prior to payment. Similarly, the independent verifier must also be assured that the

[7] See *Market Based Framework for CDM Transactions*, P. Hassing, M. Mendis, Kulwer Academic Publishers, November 1999.

ERs have been produced according to its guidelines and conditions as agreed to in the initial validation of the JI/CDM project.

Independent certified ER verification agents or companies (in accordance with guidelines provided by the COP/MOP) could undertake the actual verification process. The agents would act much like certified public accountants and could in fact be drawn from national and international firms that presently provide such services.

Upon the completion of the verification process, the resulting ERs are ready for certification by the operational entity entitled by the JI/CDM Executive Board. Certification will ensure that only ERs that meet the criteria of the JI/CDM are ultimately certified and become ERUs/CERs.

Additionally, the JI/CDM registry would need to keep track of the transfer and ownership of all ERUs/CERs to ensure that ERUs/CERs are not double counted by countries in meeting their compliance targets.

According to SBSTA-13 all designated national authorities involved in an activity implemented jointly need to submit reports, using the adopted Uniform Reporting Format (URF) to the Secretariat[8]. One of the primary responsibilities of CCCC will be to prepare URFs on the results of all approved, validated and implemented JI/CDM projects in Kazakhstan. These URFs will be submitted to the UNFCCC Secretariat to track the results of the approved JI/CDM projects that are implemented in Kazakhstan.

[8] Revised URF and draft guidance was expected to their adoption by the Conference of the Parties at its sixth session. URF is presented in FCCC/SB/2000/6/Add.1

5. Proposed Screening Criteria for JI/CDM Projects in Kazakhstan

The screening criteria for proposed JI/CDM projects in Kazakhstan are divided into two major segments. The first segment, or Primary Screening, is designed to determine if proposed JI/CDM projects are submitted with all the necessary information required to carry out a detailed assessment of the project against the criteria established for approval and validation of JI/CDM projects in Kazakhstan. This is essentially a check to determine if the data and information that is necessary to carry out a full assessment and validation of the proposed project is contained within the documentation that is submitted for the validation of the project as a JI/CDM project. The second segment, or Secondary Screening, is designed to determine if the project should, in fact, be approved and validated as a JI/CDM project. As a result, the Secondary Screening process is significantly more detailed and requires the evaluation of the key factors and data associated with the project against the established national criteria for approval and validation of proposed JI/CDM projects. The details of the Primary and Secondary screening criteria are presented below.

5.1 Primary Screening—against completeness of information in project proposal

The objective of the Primary Screening stage is to conduct an assessment of the completeness of the information provided in the proposal for the JI/CDM project. The Primary Screening process is not intended to assess the accuracy of the information provided but to assess the completeness and adequacy of the information requested so as to allow, in the Secondary Screening stage, a full assessment of the information of the project proposal against the established JI/CDM criteria. As such, the Primary Screening can be done quickly and by non-technical, mid-level staff.

Proposals for JI/CDM projects will be submitted in accordance with the format outlined in the JI/CDM Uniform Project Design Document (UPDD). The outline of the proposed JI/CDM UPDD is presented below and is based on the proposed Project Design Document format given in Annex B of FCCC/CP/2000/CRP.2/Add.1 and on other related project document formats such as the Global Environment Facility (GEF) and Prototype Carbon Fund (PCF). A merger of the basic information requested in these project formats was carefully selected to craft the UPDD most appropriate for JI/CDM project proposals from Kazakhstan. A full description of the data required in the UPDD is presented in Annex 2 of this report. A summary of the outline for the UPDD is presented below.

Format for UPDD for Proposed JI/CDM Projects in Kazakhstan:

1. Proposed JI/CDM Project Information
    - 1.1 Project Title / Name
    - 1.2 Project Proponent
    - 1.3 Project Participants/Sponsors (please list all and their respective roles)
    - 1.4 Project Category
    - 1.5 Project Description

2. Proposed Baseline and Methodology
   2.1 Definition/Description of Proposed Baseline
   2.2 Description of the Methodology Used for Determination of Baseline Emissions (i.e., project specific, multi-project, threshold, etc.).
   2.3 Projection of baseline emissions and emission reductions by year.
   2.4 Financial information on baseline project (including key financial indicators).
   2.5 Validity period of the proposed baseline
   2.6 Description of Key Parameters, Data Sources and Assumptions Used in the Baseline Estimate and Assessment of Risks and Uncertainties.

3. Assessment of Additionality of Proposed JI/CDM Project
   3.1 Emissions Additionality of Proposed Project (present data on the annual levels of emissions additionality)
   3.2 Financial Additionality of Proposed Project
   3.3 Cost Effectiveness of Proposed Projects Emission Reductions (in $/ton CO_2 reduced)
   3.4 Other Measures Indicating that the Proposed Project Meets the Additionality Requirements (e.g., technology transfer, barrier removal, capital constraints, etc.)

4. Compliance of Proposed JI/CDM Project with National and Local Development Objectives and Contribution to Sustainable Development
   4.1 Compliance with Economic Development Objectives
   4.2 Compliance with Social Development Priorities
   4.3 Compliance with Environmental Regulations and Standards
   4.4 Indicators of Contribution to Sustainable Development
   4.5 Impact on Key Stakeholders of Proposed Project

5. Summary Results of Proposed JI/CDM Project Environmental Impact Assessment (if required and available)

6. Monitoring, Reporting and Verification Plan for Proposed JI/CDM Project
   6.1 Monitoring Plan
   6.2 Reporting Plan
   6.3 Verification Plan

7. Proposed JI/CDM Project's Contribution to Capacity Building, Technology Transfer and Sustainable Development.

8. Other Relevant Information, References and Supplementary Comments.

9. Glossary, Conversion Factors, Emission Factors

10. Annexes

A more detailed outline of the format for the UPDD is presented in Annex 2.

The UPDD will serve as the primary document in the JI project screening process undertaken by the CCCC. The following key principles should be used as guidance when project documents are prepared, for screening and validation as well as for monitoring, reporting and verification purposes.[9]

- *Completeness*
  The project baseline should cover all relevant greenhouse gases and source categories as listed in KP annex A—if affected by the project activities. It should also include leakage effects or project effects beyond the chosen project boundaries, as appropriate.

- *Comparability*
  Estimates of emissions (and removals) should be comparable between the baseline and the project and for similar projects. This should enable verifiers to compare the real project with the baseline and determine the baseline's further applicability. For this purpose, project participants should use methodologies and formats given in the Baseline workbooks.

- *Consistency*
  The baseline and the Monitoring Plan should address the same key factors to enable review of performance indicators over time. To the extent possible, the methodologies and measurements identified in the baseline study should also be addressed in the Monitoring Plan, so performance is made verifiable.

- *Cost-efficiency*
  The amount of costs and effort necessary to document, validate, monitor, report and verify a GHG project should be dependent on the attained uncertainties and the amount of predicted emission reductions.

- *Practicability*
  Approaches employed for project documentation, implementation, monitoring, reporting, validation and verification should be based on simple, well-tested and functional principles.

- *Reliability*
  For the estimation of emission reductions from project-based activities the most realistic and most likely development shall be chosen as reference case. The baseline estimate should be subject to validation by operational/independent entities as appropriate.

- *Transparency*
  Assumptions, calculations, references and methodologies used for baseline setting and for the estimation of emission reductions from project-based activities shall be clearly explained and described to facilitate replication and assessment of the baseline estimation by operational/independent entities.

[9] The key principles are adopted from "Operational Guidelines for Baseline Studies, Validation, Monitoring and Verification of Joint Implementation Projects, Volume 1: Introduction—A Guide for Project Developers and Validation/Verification Bodies," Ministry of Economic Affairs of the Netherlands, May 2000.

- *Validity*
  For the estimation of emission reductions from project based activities it is crucial that factors or indicators used for baseline setting give a real measure of achieved emission reductions. The baseline must therefore be based on factors or indicators that will give an observable and real picture of the business as usual scenario as well as be reflected in subsequent monitoring and reporting.

- *Best practices*
  Best practices means performance at least equivalent to the most cost-effective commercially applied monitoring methods. These monitoring methods shall be listed in the baseline workbook and updated regularly to take into account changes in technologies and standards.

5.2 Secondary Screening—against established JI/CDM project screening criteria

The objective of the Secondary Screening stage is to assess the eligibility and acceptability of proposed JI/CDM projects and to ultimately help the IACC decide on the approval of the proposed project. Projects approved by the IACC will ultimately have to be validated by a designated operational entity against the requirements established for JI/CDM projects. The principal requirements for JI/CDM projects as defined in the Kyoto Protocol were outlined in Section 20. The principal requirements include:

- The host country must benefit from project activities resulting in transferable emission reduction units (ERUs) for JI or certified emission reductions (CERs) for CDM;
- Projects must assist host countries in achieving sustainable development and contributing to the ultimate objective of the Convention;
- Projects must result in "real, measurable and long-term benefits related to the mitigation of climate change"; and
- Projects must result in "reductions in emissions that are additional to any that would occur in the absence of the certified project activity."

In addition to the criteria that will be specifically defined for validation of JI/CDM projects, the following key criteria should be applied during the Secondary Screening and evaluation process to ensure that all projects that pass this screening and evaluation process will have a high probability of being validated as JI/CDM projects.

1) Consistency with the UNFCCC and/or the Kyoto Protocol

The CCCC should ensure that all accepted projects comply with all current and future guidelines, modalities and procedures adopted by the Parties to the UNFCCC, in particular, the requirement of additionality provided for under Article 6 (JI) and Article 12 (CDM) of the Kyoto Protocol, as such requirement may be defined by the Parties to the UNFCCC in connection with projects under Article 6 and in connection with projects under Article 12 ("Article 6 and Article 12 projects").

2) Consistency with Relevant National Criteria

As a matter of policy, all activities approved by the CCCC should be compatible with and supportive of the national environment and development priorities of Kazakhstan. These principles should also guide the design of all candidate JI/CDM projects that are proposed for consideration.

3) National and Local Environmental Benefits

Proposed JI/CDM projects should be designed to provide at least the same level of local and national environmental benefits as the "Baseline Project." In addition, the proposed JI/CDM projects, like the Baseline Projects, will be expected to satisfy all of Kazakhstan's operational policies, procedures and requirements relating to the environment.

4) Consistency with Kazakhstan's Strategic Objectives and Operating Principles

All proposed JI/CDM projects will be selected with a view to achieving the strategic and operational development objectives of Kazakhstan. Operationally, every effort will be made to select projects (i) that will generate high quality emission reductions; (ii) are projects with respect to which an equitable distribution of the benefits generated by them can be made as between the host country and the investor country participants; and (iii) are projects which afford an opportunity to learn during the evolution of the Project.

5) Measurability of Project GHG Emissions

The ability to accurately measure project GHG emission reductions is a necessary criteria for the monitoring, reporting verification and certification process that is required for JI/CDM projects. Specifically, this means that projects submitted for JI/CDM consideration must effectively demonstrate how the measurements of GHG emission reductions will be achieved. For JI/CDM projects that mitigate GHG emissions, measurability must be related to specific project activities or outputs that directly relate to the associated GHG emissions that would have occurred if the same outputs were generated in the approved baseline project. For example, a hydropower project in which the approved baseline project is an equivalent coal-fired power plant would measure the output of electricity from the hydropower plant in kilowatt-hours and relate this output to the emissions of GHGs if the same amount of electricity were produced from the approved baseline coal-fired power plant. In this case, accurately measuring the principal outputs of the JI/CDM project and using this data to measure the GHG emissions that would have occurred in the baseline project supports the measurability requirement for the GHG emissions reductions.

Measurability of GHG emission reductions for projects that sequester or store GHGs is equally important. In this case, direct measurements of key project factors will be necessary to estimate the actual GHG emissions sequestered. Reference to approved measurement practices must be given to demonstrate the measurability of GHG emission reductions from sequestration or sink projects. In addition, the ability to measure leakages of GHG emission reductions that may result from such projects is also necessary.

6) Contribution to Sustainable Development

One of the key criteria required for JI/CDM projects is that the projects contribute to the sustainable development of the host country. The term "sustainable development" is defined as a form of development or progress that "meets the needs of the present without compromising the ability of future generations to meet their own needs."[10] In the case of Kazakhstan, its "Agenda 21-Plan for Sustainable Development" which is currently under development should identify the activities and projects that are considered to contribute to the sustainable development of Kazakhstan. Therefore, all JI/CDM projects should fit within the context of the guidelines proposed in Kazakhstan's Agenda 21.

7) Provision of Long-term Benefits

This criterion specifically relates to the ability of a JI/CDM project to assure the long-term or permanent benefits of GHG emission reductions. The issue of permanence is specifically relevant for JI/CDM projects that sequester or store GHG emissions (i.e., sink projects). For such projects, assurances are needed to prevent leakages or the eventual release of sequestered GHG emissions. These assurances must demonstrate clear measures that will prevent leakages or release over an extended period (e.g., more than 100 years) or will provide a back-up (insurance) source of GHG emission reductions in the event of any premature leakages or release. For example, a forestry project that sequesters carbon would release that carbon in the event of a forest-fire. Measures to prevent such occurrences or to insure against such occurrences must be included as part of any JI/CDM projects that are susceptible to the non-permanence of their GHG emission reductions.

8) Potential for Significant Amounts of GHG Reductions

An important criterion for JI/CDM projects is that they directly or indirectly result in producing significant amounts of GHG reductions such that they help contribute to the ultimate objective of the UNFCCC—i.e., stabilization of global GHG concentrations. What this translates to is that proposed JI/CDM projects should have a minimum threshold level of resulting GHG reductions and that they additionally have the potential of catalyzing or stimulating significantly more GHG reductions either through replication of similar projects elsewhere or by causing the removal of barriers or reduction of costs such that in the future similar projects are subsumed into the baseline and are undertaken without necessarily having to be compensated for their resulting emission reductions.

9) Acceptable Monitoring, Reporting and Verification Protocol

In order for a project to qualify for JI/CDM it must have developed an acceptable monitoring, reporting and verification protocol (MRVP). This is an essential requirement for JI/CDM projects in order for these projects to ultimately have their emission reduction credits certified. Guidelines for suitable MRVP are currently being developed by a number of entities interested in promoting investments in JI/CDM projects. An acceptable MRVP must ultimately outline the

[10] World Commission on Environment and Development (WCED), *Our Common Future*, Oxford, Oxford University Press, 1987.

process for collecting and evaluating the information about the operations of a proposed JI/CDM project to allow independently designated operational entities to verify and certify any claimed ERUs or CERs.

10) Additional Characteristics of Selected Projects

Proposed JI/CDM projects should be designed to mitigate known risks and should generally entail manageable technological risks. The technology to be used in a proposed JI/CDM project should be commercially available and have been demonstrated in a commercial context and be subject to the usual commercial performance guarantees. Further, the technical competence in the host country to manage the project technology should be established during the course of project development. If necessary, measures to increase the technical and institutional capacity to the host country to successfully absorb the proposed technology should be made part of the proposed JI/CDM project. Projected emission reductions over the life of the proposed project should be predictable and the emission reductions should also be amenable to standardized MRVP methodologies.

5.3 Baseline Screening—to determine the validity of proposed baselines

The definition of the baseline, against which the emission reductions of a proposed JI/CDM project are assessed, is a very important step in the JI/CDM project cycle. A project baseline defines a level of expected emissions that is used to assess the mitigation performance of an alternative project. It is the basis from which the emission reductions for a JI/CDM project activity must be measured. The quantity of emission reductions that a potential JI/CDM project activity can generate provides the basis for attracting the additional investments that may be needed to support the JI/CDM project activity. Therefore, the development of a baseline for a JI/CDM project lies at the heart of the validation process for such projects.

To date most of the experience with project baselines for estimating emission reductions has been gained in the context of the AIJ pilot phase and the GEF. This experience has shown that current approaches for baseline setting do provide some guidance for proposed JI/CDM projects. Key issues such as defining the expected baseline, setting the period for which baselines should be valid and defining system boundaries for the baseline activity should be clearly addressed. Additionally, the issue of macro-economic policies and regulations that inhibit the adoption of proposed JI/CDM type activities should also be carefully evaluated in order minimize the potential for rewarding bad policies with CDM projects.

The principal responsibility for defining the baseline associated with a specific project will lie with the project developer/investor. However, the underlying assumptions and data that support a baseline definition must be derived from national or international authorities. For example, the sectoral growth rates, performance of baseline technologies, cost of baseline technologies and emission rates of baseline technologies will need to be derived from national data and ultimately validated at the national level. To the extent possible, the national authority for JI/CDM projects may establish the baseline parameters that are ultimately needed to help define project specific baselines. Guidelines are being developed in association with the operational guidance for

JI/CDM for establishing baseline parameters to ensure a degree of consistency across JI/CDM host countries.

There are several approaches that can be used to define a baseline. These vary in the degree of aggregation and level of accuracy. There is at present an ongoing debate regarding the scope of baseline definition methodologies, the accuracy of various methodologies, the pros and cons of each methodology and the methodology that is best suited for the needs of the CDM. What is important is that if the market for ERs from the CDM is to grow, it will require that baseline definitions are consistent, transparent and relatively easy (i.e., not costly) to apply. There are three methodologies for defining baselines that meet the above criteria and are presently gaining recognition in the literature. They are (1) project specific, (2) technology matrix and (3) benchmarking. It is most likely that the project specific approach will be initially adopted while technology matrix and benchmarking are tested on a limited basis.

The project-specific baseline approach has been established and used extensively by the GEF. It requires that for each proposed JI/CDM project activity a specific baseline project must be defined which provides the equivalent normal economic benefits, as does the proposed JI/CDM project activity. The GHG emissions of the baseline project are then estimated and compared against that of the proposed JI/CDM project activity. The difference in the GHG emissions of the JI/CDM project activity from the baseline project is the resulting emission reductions of the JI/CDM project. The principal advantage of the project specific approach is that it can provide a more reliable estimate of the emission reductions for a JI/CDM project. However, the effort and costs required for undertaking this process may be considerable depending on the size and complexity of the proposed JI/CDM project activity. However, it is usually the responsibility of the project developer/investor to produce the data for the associated project baseline. As the developer/investor may have an incentive to skew the outcome of the baseline definition, the resulting baseline definition must be carefully and independently evaluated. Baseline definitions are very much like environmental impact assessments (EIAs). The EIA is usually the responsibility of the project developer but is subject to institutional review and approval by independent authorities. An additional advantage of the project specific approach is that it not as politically sensitive and can be applied without considerable up-front costs for host countries. This factor alone provides a strong argument for the use of the project specific approach in the initial stages of the CDM. Additionally, the GEF and a number of AIJ pilot programs have extensively applied the project specific baseline so there is a track record to build on.

An additional concern relating to baselines is the period for which a baseline definition is valid. The period for which a baseline is valid should be equivalent to the period for which the underlying baseline project is in fact replaced by the JI/CDM project. However, this is not an operational definition as the underlying baseline project is counterfactual. The actual baseline conditions are dynamic and must be updated periodically (e.g., annually or every five years). It is quite conceivable that a technology used in a JI/CDM project could become the baseline technology shortly after the initiation (and possibly because) of the JI/CDM project. In reality, the validity period for a defined baseline will be negotiated based on evidence provided to support the requested validity period.

6. Application of Proposed Screening, Evaluation and Approval Criteria

The principal objective of the proposed screening, evaluation and approval procedure is to identify, support and ultimately validate proposed projects that are eligible for JI/CDM. The previous sections of this report outlined the process and general criteria by which proposed JI/CDM projects should be screened, evaluated and approved. This section briefly identifies the factors that are important in the application of the proposed screening, evaluation and approval criteria. The key factors include:

- The institutional framework within which the screening, evaluation and approval process is carried out;
- The capacity and skills required to effectively undertake the screening, evaluation and approval process;
- The manner in which the entire screening, evaluation and approval process can be streamlined;
- The need to maintain the credibility and transparency of the screening, evaluation and approval process;
- The process for monitoring and tracking the progress of projects that are undergoing the screening, evaluation and approval process.

6.1 Institutional framework

The CCCC, working as the secretariat for the IACCC, will serve as the primary focal agency in Kazakhstan responsible for coordinating the overall screening, evaluation and approval process for proposed JI/CDM projects. The CCCC will serve as the entry point for proposed JI/CDM projects that are seeking approval and acceptance by the Government of Kazakhstan. Specifically, the CCCC will carry out the initial screening of proposed JI/CDM projects as described in Section 4 and will coordinate the inputs of other relevant GOK agencies through the IACCC. By having the CCCC serve as the entry point for proposed JI/CDM projects, proponents of these projects will have a clear indication of where they need to begin the process of getting approval and validation of their proposed JI/CDM projects.

To effectively carry out its functions of screening, evaluation and approval of JI/CDM projects, the CCCC will be supported by expertise drawn for other government agencies, academic institutions and private firms. At each stage in the screening, evaluation and approval process, the CCCC will coordinate the inputs of relevant and affected government agencies or stakeholders so as to identify, at an early stage, any concerns or objections to proposed JI/CDM projects.

It is expected that specific skills may be necessary to review and comment on proposed JI/CDM projects. The CCCC will seek and coordinate inputs of these skills in the overall screening, evaluation and approval process.

In summary, the CCCC, working in close coordination with the member agencies of the IACCC, will serve as the institutional focal point for carrying out the screening, evaluation and approval process for JI/CDM project proposals that are submitted for consideration in Kazakhstan.

6.2 Capacity and skills required

A broad range of technical, economic and environmental capacity and skills are required to effectively carry out the screening, evaluation and approval of proposed JI/CDM projects. The most critical relate to the understanding of the JI/CDM screening, evaluation and approval criteria discussed in Section 5. Specifically, expertise is needed in the following areas:

- Expert knowledge and understanding of all the criteria for JI/CDM projects that are defined by the Kyoto Protocol and the guidance issued by SBSTA/SBI.
- Expert knowledge of the relevant national development priorities and the ability to determine if proposed JI/CDM projects meet or support these priorities.
- Technical expertise to determine if the proposed JI/CDM project is technically sound and well designed. The range of technical skills will depend on the nature of the proposed JI/CDM project and may need to be drawn on from external sources such as academic institutions or engineering firms.
- Environmental impact assessment expertise in order to assess the acceptability of proposed JI/CDM projects against national and local environmental concerns. Again, the range of skills required will depend on the nature of the proposed JI/CDM project.
- Technical and economic expertise in evaluating the associated baseline for the proposed JI/CDM project and determining the emissions and financial additionality of the project.
- Financial expertise for assessing the financial viability of proposed JI/CDM projects.
- Legal and regulatory expertise to evaluate the legal and regulatory aspects of proposed JI/CDM projects and ensure that the projects are consistent with established national and local laws and regulations.

From the above list, it is clear that a broad base of capacity and skills are needed to support the effective screening, evaluation and approval process for proposed JI/CDM projects. However, this is not an insurmountable requirement as many of the JI/CDM programs described in Section 3 have demonstrated. Many of these programs draw on expertise that is external to the responsible national agency to support their screening, evaluation and approval process.

6.3 Streamlining the screening, evaluation and approval process

The best means for streamlining the screening, evaluation and approval process is to standardize the process and make it simple and straightforward. This requires development of manuals and guidelines that provide a prescriptive, step-by-step process that can be followed and replicated. In addition, developing a checklist of key factors will allow the CCCC to track and monitor the progress of JI/CDM projects that are undergoing the screening, evaluation and approval process.

An important factor for streamlining any process is to ensure that there is a minimum of duplication and that all parties involved in the process are clearly aware of their roles,

responsibilities and expected outputs. Therefore, it is important for the CCCC to produce an advisory that clearly defines the roles and expectations of all participants in the screening, evaluation and approval process of proposed JI/CDM projects.

It is anticipated that guidelines for streamlining of the screening, evaluation and approval process will be developed to complement the present task that has resulted in defining the process and criteria for screening, evaluating an approving proposed JI/CDM projects.

6.4 Credibility and transparency of the process

Equally important to streamlining the screening, evaluation and approval process is maintaining the credibility and transparency of the entire process. Specifically, this means making the rules or criteria for screening, evaluation and approval publicly known before applying them to proposed projects. Project proponents must have access to the criteria so that they can prepare projects in accordance with the requirements of the criteria. Application of the criteria must be done in as uniform and consistent a basis as possible. All data and background calculations used in the process of evaluating a proposed project must be documented and made available for review by project proponents if requested. If a project is rejected, the reasons for its rejection must be clearly stated and substantiated so that the project proponent is either able modify the project to meet the required criteria or understands and accepts the reasons for the rejection of the project. If the process of screening, evaluation and approval is done in a manner that is not credible and transparent, project proponents of potential JI/CDM projects will lose confidence in the process and will withdraw from participation in the development of potential JI/CDM projects.

6.5 Monitoring and tracking the progress of projects

It is essential for the CCCC to develop a suitable and manageable system for monitoring and tracking the progress of JI/CDM projects that are submitted for screening, evaluation and approval as JI/CDM projects. In Section 4, a 12-step process was outlined for the screening, evaluation and approval of JI/CDM projects. Within each of the 12 steps were a number of sub-steps. Clearly, determining where a project is in the process would best be managed by a computerized project monitoring and tracking program. This can easily constructed within existing Windows-based software.

The principal objective of the monitoring and tracking system should be to quickly identify where in the overall screening, evaluation and approval process a proposed JI/CDM project resides and what actions are needed to move the project forward. The monitoring and tracking system should be designed to automatically generate reminder messages for the CCCC to ensure that projects that are submitted to the CCCC for screening, evaluation and approval do not remain unattended beyond a specific length of time. The monitoring and tracking system should also indicate what actions are needed to move a project to the next step in the screening, evaluation and approval process.

A good project monitoring and tracking system is an essential tool for efficient and effective management of the complex and multistage screening, evaluation and approval process for proposed JI/CDM projects that has been defined in this document.

Annex 1

National Joint Implementation Contact Points Database from UNFCCC Secretariat

Australia
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Department of Industry, Science and Resources
GPO Box 9839;
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Web site: http://www.isr.gov.au/resources/energy_greenhouse/igp/

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ENOVER/CONCERE
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United States
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Annex 2

Format for Uniform Project Design Document (UPDD) for Proposed JI/CDM Projects in Kazakhstan

Contents

6.2 Reporting Plan
6.3 Verification Plan

7. Proposed JI/CDM Project's Contribution to Capacity Building, Technology Transfer and Sustainable Development.

8. Other Relevant Information, References and Supplementary Comments.

9. Glossary, Conversion Factors, Emission Factors

10. Annexes

1. Proposed JI/CDM Project Information

1.1 Project Title/Name

Indicate title or name of project and its proposed location (country, province, city).

1.2 Project Proponent/Developer

Indicate who is the principal project proponent or developer and provide the name, address and contact information for this individual or organization. Indicate the nature and legal status of the organization (private company, NGO, state corporation, government agency, etc.).

1.3 Project Participants/Sponsors (please list all and their respective roles)

In addition to the principal project proponent/developer stated in 1.2, identify all other known project participants/sponsors and indicate their respective roles (investors, technology suppliers, resource owners, bankers, etc.)

1.4 Project Category

Indicate the project category using the Intergovernmental Panel on Climate Change (IPCC) classification: energy efficiency; renewable energy; fuel switching; forest preservation, restoration or reforestation; afforestation; fugitive gas capture; industrial processes; solvents; agriculture; waste disposal or bunker fuels.

Indicate the principal GHGs (CO_2/CH_4/N_20/HFCs/PFCs/SF_6) that are targeted for reduction by the project.

1.5 Project Description

Provide a brief description of the proposed project. Include the following key items in the project description:

- *Project objective—What does the project intend to accomplish?*
- *Project components—Indicate the major components of the project.*
- *Technology employed—Describe the principal technology to be employed and its status indicating if it is experimental or commercially available.*
- *Project schedule—Indicate project timelines for construction, start-up, operation and expected project lifetime (use the following format for the dates: day/month/year—DD/MM/YYY).*
- *Project costs—Provide information on the expected costs of the project including costs for capital, fuel, labor, operation and maintenance, if available.*
- *Current status of project—State the current status of the proposed project indicating if it has completed conceptual, pre-feasibility, feasibility, financing, construction or start-up.*

2. Proposed Baseline and Methodology

2.1 Definition/Description of Proposed Baseline

State what the situation would be in the absence of the proposed project—the baseline scenario. Define this situation specifically as it relates to key technical, financial and

environmental indicators. Indicate the costs associated with the baseline situation and the environmental (including GHG emissions) conditions in the baseline situation.

2.2 Description of the Methodology Used for Determination of Baseline Emissions (i.e., project specific, multi-project, threshold, etc.).
Briefly describe the methodology that was employed to define and estimate the GHG emissions in the baseline scenario.

2.3 Projection of baseline emissions and emission reductions by year.
Estimate the greenhouse gas emissions (in tons of CO_2–equivalent) in the baseline scenario. Specifically determine the baseline emissions before 2008, during 2008–12 and post–2012. Enter the greenhouse gas emission reductions for the baseline in the table associated with Section 3 Indicate if any GHG emissions (leakage) are expected to occur outside the project.

2.4 Financial information on baseline project (including key financial indicators).
Provide relevant information on costs and revenues associated with the baseline project including costs for capital, fuel, labor, operation and maintenance, if available.

2.5 Validity period of the proposed baseline
Indicate the expected validity period for the proposed baseline.[11]

2.6 Description of Key Parameters, Data Sources and Assumptions Used in the Baseline Estimate and Assessment of Risks and Uncertainties.
Provide a brief list of the key parameters, data sources and assumptions that were used to define the baseline. Specifically, indicate the technical, financial, economic, social and environmental factors that are significant in the definition of the baseline and indicate the any assessment of risks and uncertainties associated with these factors.

3. Assessment of Additionality of Proposed JI/CDM Project

3.1 Emissions Additionality of Proposed Project (present data on the annual levels of emissions additionality)
Estimate the GHG "emissions additionality" of the proposed project by completing the information for rows A and B in Table 1. The additionality of other environmental benefits for the proposed project can be estimated by completing the information in Table 2.

[11] The period for which a baseline is valid should be equivalent to the period for which the underlying baseline project is in fact replaced by the JI/CDM project. However, this is not an operational definition as the underlying baseline project is counterfactual. The actual baseline conditions are dynamic and must be updated periodically (e.g., annually or every five years). In reality, the validity period for a defined baseline will be negotiated based on evidence provided to support the requested validity period.

Table 1 Real, measurable and continuous GHG emission reductions or removals by sinks (in CO_2 equivalent)

Scenarios and effects	Greenhouse gases	Year 1	Year 2		Years 2–7 (2001–07)	Years 8–12 (2008–12)	Year 13	Year X	Year of the project's lifetime completion
A=Estimated GHG Emissions from Proposed Project	*? ? $_2$*								
	? H_4								
	N_2O								
	Other								
B=Estimated GHG Emissions from Baseline Project	*? ? $_2$*								
	? H_4								
	N_2O								
	Other								
Estimated GHG Emissions Additionality= B-A (emission reductions (-) or removals by sinks (+)	*? ? $_2$*								
	? H_4								
	N_2O								
	Other								
To be completed after project implementation									
C = Actual GHG Emissions from Proposed Project	*? ? $_2$*								
	? H_4								
	N_2O								
	Other								
Actual GHG Emissions Additionality = B-C	*? ? $_2$*								
	? H_4								
	N_2O								
	Other								

If necessary, add columns with the data distributed by years

Table 2 Additional environmental benefits from the GHG emission reductions

Scenarios and effects	Emissions	Year 1	Year 2		Years 2–7 (2001–07)	Years 8–12 (2008–12)	Year 13	Year X	Year of the project's lifetime completion
X = Estimated Other Emissions from Proposed Project	*? ?*								
	SO_2								
	NO_x								
	Other								
Y=Estimated Other Emissions from Baseline Project	*? ?*								
	SO_2								
	NO_x								
	Other								
Estimated Additionality of Other Emissions for Proposed Project = Y-X	*? ?*								
	SO_2								
	NO_x								
	Other								

3.2 Financial Additionality of Proposed Project

Estimate the financial additionality of the proposed project by determining the financial net present value of costs for the proposed project ($NPVC_A$) and the financial net present value of costs for the baseline project ($NPVC_B$) and taking the difference between the financial NPVC of the baseline project from the proposed project.

Estimated Financial Additionality = $NPVC_A$ - $NPNC_B$

Note – This additionality of cost analysis assumes that the principal financial benefits of both the proposed and baseline projects are equivalent.

3.3 Cost Effectiveness of Proposed Projects Emission Reductions (in $/ton CO_2 reduced)

Based on the information in 3.1 and 3.2 above, calculate and present the estimated cost effectiveness (in $/ton CO_2) of the GHG emissions reductions from the proposed project.

3.4 Other Measures Indicating that the Proposed Project Meets the Additionality Requirements (e.g., technology transfer, barrier removal, capital constraints, etc.)

Present any other non-emissions or financial additionality measures that can be utilized to support the additionality of the proposed project. These could include additionality issues related to technology availability, capital shortage, high project risks, etc.

4. **Compliance of Proposed JI/CDM Project with National and Local Development Objectives and Contribution to Sustainable Development**
   Present information to clearly demonstrate that the proposed project is in compliance with national and local development objectives and helps contribute to sustainable development. Make this information brief (one page) and provide references to relevant documents, decisions, and laws where necessary.

   4.1 Compliance with Economic Development Objectives
   4.2 Compliance with Social Development Priorities
   4.3 Compliance with Environmental Regulations and Standards
   4.4 Indicators of Contribution to Sustainable Development
   4.5 Impact on Key Stakeholders of Proposed Project

5. **Summary Results of Proposed JI/CDM Project Environmental Impact Assessment (if required and available)**
   Briefly describe the expected positive and adverse environmental, economic, social and cultural impacts of the proposed project that would be different from the baseline project. To the extent possible, present any quantitative information or qualitative indicators that are available. As this is a summary, provide references to more detailed analysis, if available. The information in this summary section should not exceed one page.

6. **Monitoring, Reporting and Verification Plan for Proposed JI/CDM Project**
   If available, present a brief summary of the proposed monitoring, reporting and verification plan. If not yet available, please indicate the MRV plan is not yet developed.

   6.1 Monitoring Plan
   6.2 Reporting Plan
   6.3 Verification Plan
   6.4 Costs implementing MRV plan if additional to normal project costs

7. **Proposed JI/CDM Project's Contribution to Capacity Building, Technology Transfer and Sustainable Development.**
   In this section, present any information to support claims that the proposed project will contribute to capacity building, technology transfer and sustainable development in the host country. Describe the new technology, its principal characteristics (name of production, place of production, equipment; specify whether this technology is in the stage of development or research, whether it has been tested or demonstrated under similar conditions outside the applicant's country, presented on the domestic or foreign market; its commercial acceptability. Specify the influence of the JI projects' activities on the capacity building and transfer of the ecologically clean technologies and know-how (no more than on 2 pages).

8. **Other Relevant Information, References and Supplementary Comments.**
   Indicate any other information that will support the acceptance of the proposed project by potential investors or government authorities. Limit this information to less than one-half page.

9. Glossary, Conversion Factors, Emission Factors

Present the glossary, conversion factors and emission factors used in the report.

10. Annexes

Present any additional information that is necessary to support the proposed project in the Annexes to this report. Limit the information in the Annexes to only information that is necessary and relevant to the proposed project.